



Cemetery Perpetual Care Fund

Review of Financial Model

Presented by:

Matt Millis, Vice President, Zions Public Finance, Inc.

Meeting Overview

- Discuss the purpose of the Perpetual Care Fund (PCF) and review discussions from December
- Have a general discussion on repayment of a General Fund subsidy.
- Decide how frequently rates should be increased and whether a General Fund subsidy of \$1.064M should be repaid.
- Would like final recommendations on fee increases and structures in March

PCF Overview

- Perpetual Care Fund
 - ❑ Intended to perpetually fund the care of the cemetery including lawn maintenance, marker maintenance, etc through interest income
 - ❑ Not intended to cover the costs of burials which are covered by the cost of interment fees
 - ❑ PCF corpus is collected through the cost of lot sales and interest as available
- PCF is a restricted non-spendable fund that only allows the interest earnings and the corpus to be spent on cemetery maintenance costs

Cemetery Revenues and Costs

- FY 2016 revenues total \$133,605
- FY 2016 expenses total \$62,457
- Profits of \$71,147 were returned to the General Fund
- Budget FY 2017 expenses total \$85,469
 - \$31,225.20 (36.5%) applies to burial expenses
 - \$54,243 (63.5%) applies to the care of the lawn
- Budget FY 2017 revenues are conservatively budgeted at \$100,000

Fund Balance Earnings

- The PCF is currently assumed to earn a long-term average of about 2% from the UPTIF
- UPTIF is considered the primary investment vehicle for the PCF but other investments approved by the Money Management Act may be used
- Historic UPTIF for past 20 Years equaled about 2.8%

Future and Present Value

- Numbers shown in future value can be very large given long-term compounding interest
- For example, \$10.64 in 80 years is equal to \$1 today at 3%
- Many figures will appear quite large in 2096 or later but may be comparable to today's cost when looking at a present value

Model Assumptions – Demand and Cost

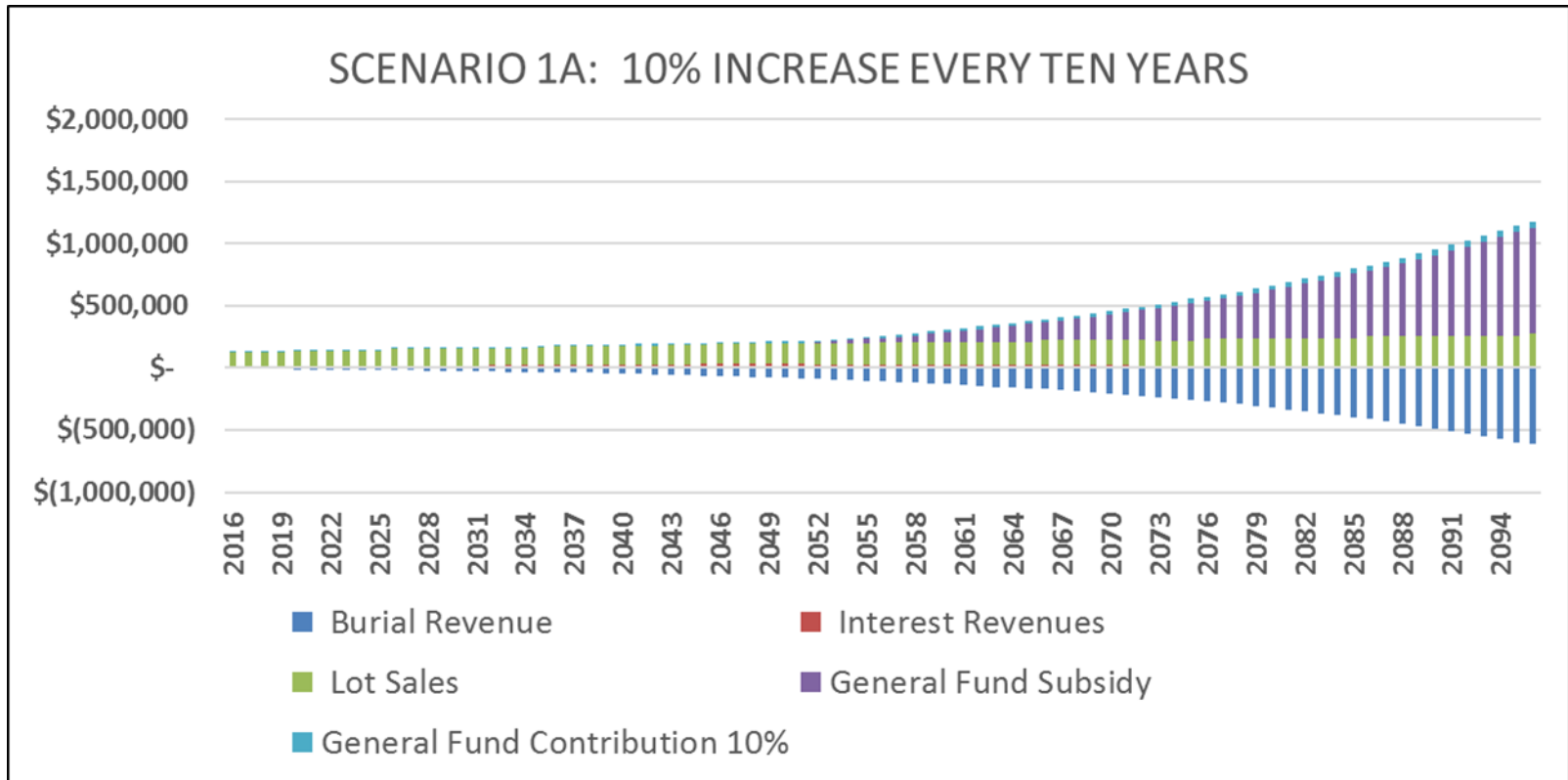
- Lots sold by 2096 (80 years): 97 lots sold annually
- Burials completed by 2131 (116 years): 47 to 123 buried annually
- Cost of maintenance: \$54,244 to \$577,202 (\$54,244 PV@3%)
- Full PCF Corpus @ 2% Interest: \$28,860,117 (\$2,712,190 PV@3%)
- These assumptions are static for all following scenarios
- Scenarios show three revenue options that increase the current cemetery fees at different rates and the resulting General Fund subsidies required
- Scenario “A” assumes no repayment of \$1,062,496 of subsidy from the General Fund while Scenario “B”

Scenario 1A: Small Increase, 10% @ 10 Years

- Assumes that lot and burial fees will increase every ten years by 10%
- Interest: 2%, Cost Inflation: 3%, Fee Inflation: 10% @ 10 years

SCENARIO 1A: CALCULATIONS THROUGH END OF LOT SALES (2096)		
Total PCF Cost		(18,009,154)
Beginning Cash		10,062
Burial Fee Profit/(Loss)	\$	(14,129,300)
Interest Income		1,570,851
10% GF Contribution		1,800,915
Lot Sale Revenues		14,629,113
General Fund Subsidy		14,714,993
Total Revenues	\$	18,596,634
Net Profit	\$	587,481
Actual Cash	\$	587,481

Scenario 1A: Small Increase, 10% @ 10 Years

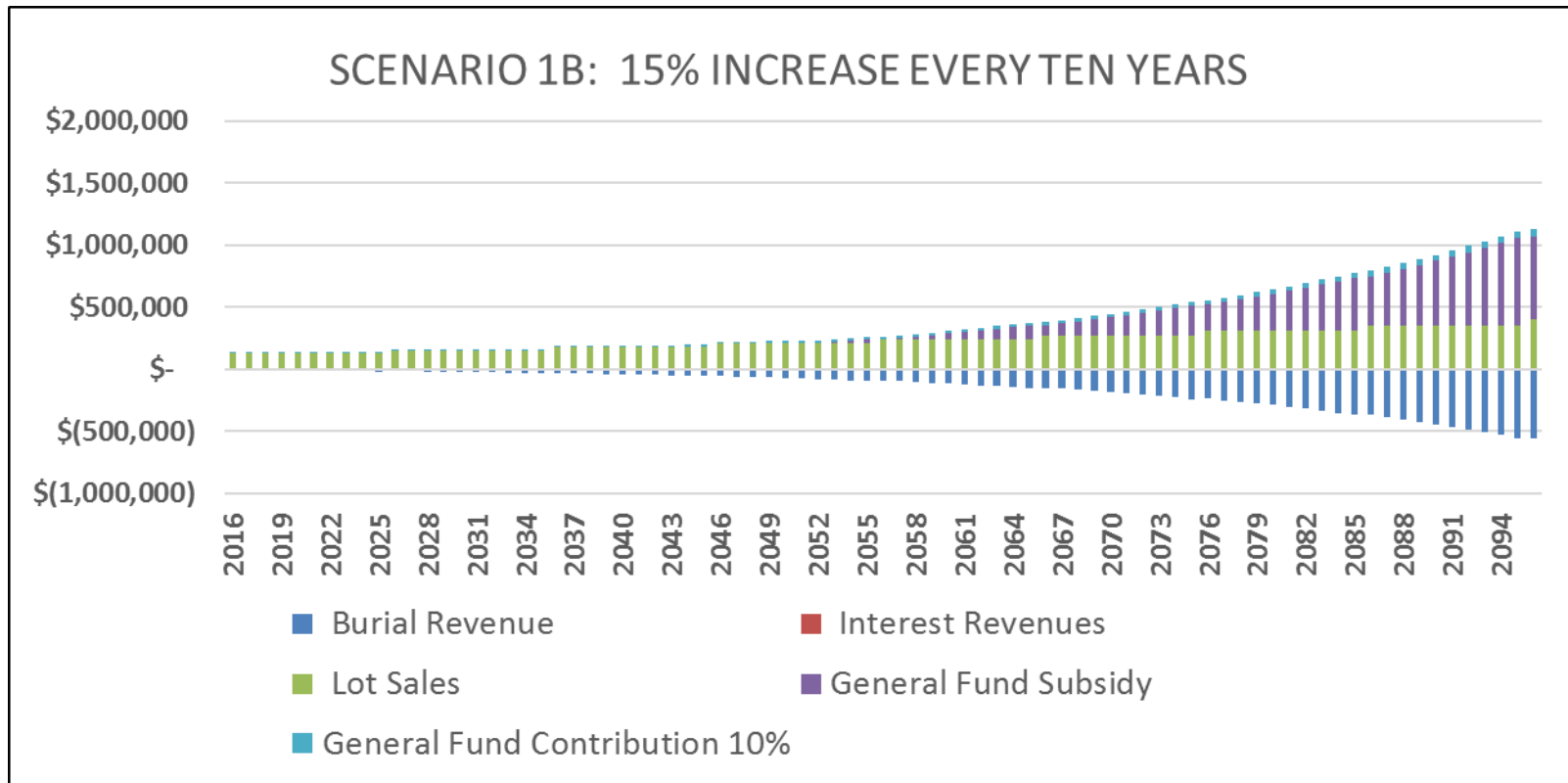


Scenario 1B: Small Increase, 15% @ 10 Years

- Assumes that lot and burial fees will increase every ten years by 15%
- Interest: 2%, Cost Inflation: 3%, Fee Inflation: 15% @ 10 years

SCENARIO 1B: CALCULATIONS THROUGH END OF LOT SALES (2096)		
Total PCF Cost		(18,009,154)
Beginning Cash		(1,052,434)
Burial Fee Profit/(Loss)	\$	(12,764,711)
Interest Income		483,501
10% GF Contribution		1,800,915
Lot Sale Revenues		18,421,709
General Fund Subsidy		11,356,453
Total Revenues	\$	18,245,433
Net Profit	\$	236,280
Actual Cash	\$	236,280

Scenario 1B: Small Increase, 15% @ 10 Years

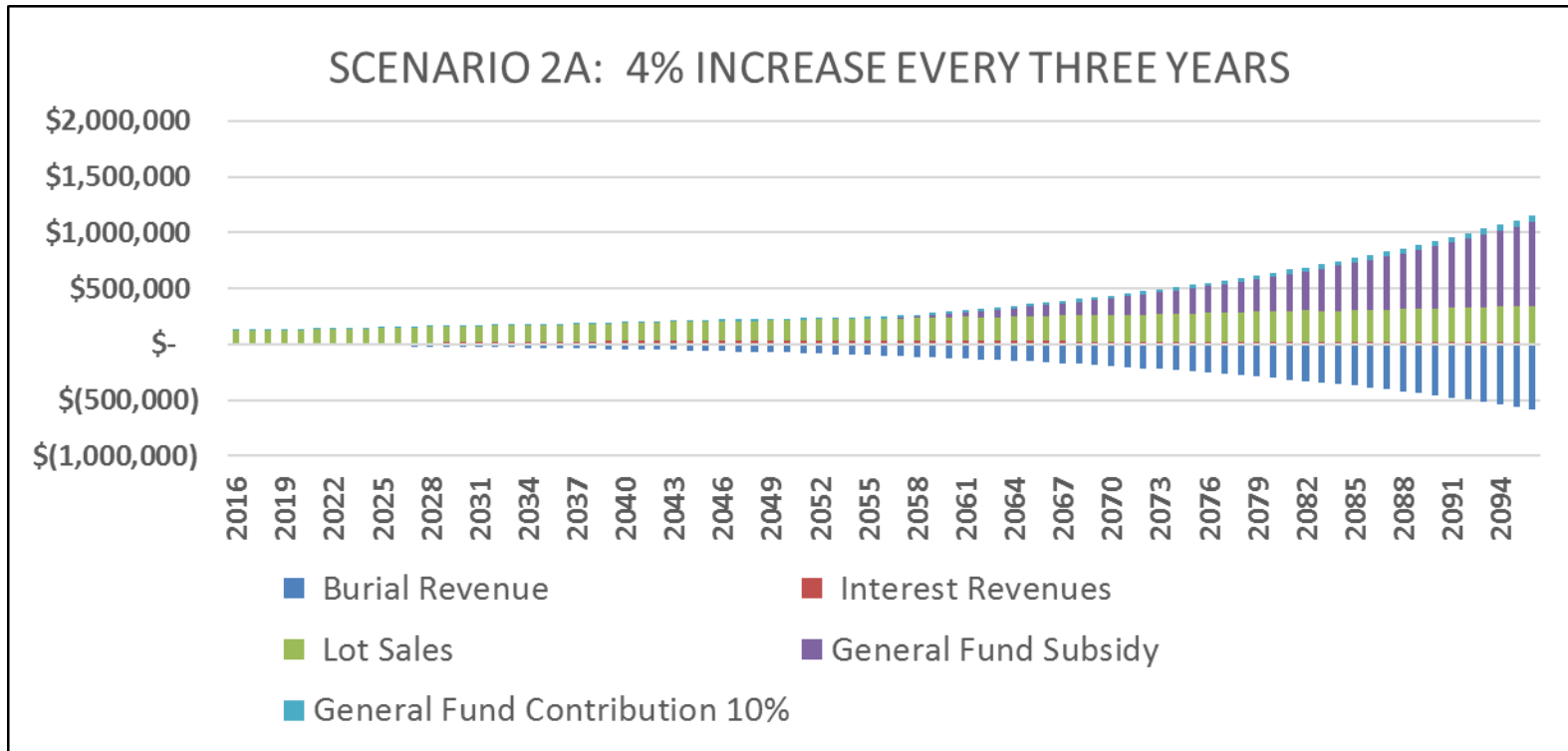


Scenario 2A: Moderate Fee Increase, 4% Every 3 Yrs

- Assumes that lot and burial fees will increase every three years by 5%
- Interest: 2%, Cost Inflation: 3%, Fee Inflation: 4% @ 3 years

SCENARIO 2B: CALCULATIONS THROUGH END OF LOT SALES (2096)		
Total PCF Cost		(18,009,154)
Beginning Cash		10,062
Burial Fee Profit/(Loss)	\$	(13,336,844)
Interest Income		1,830,375
10% GF Contribution		1,800,915
Lot Sale Revenues		16,769,499
General Fund Subsidy		11,686,398
Total Revenues	\$	18,760,406
Net Profit	\$	751,252
Actual Cash	\$	737,992

Scenario 2A: Moderate Fee Increase, 4% Every 3 Yrs

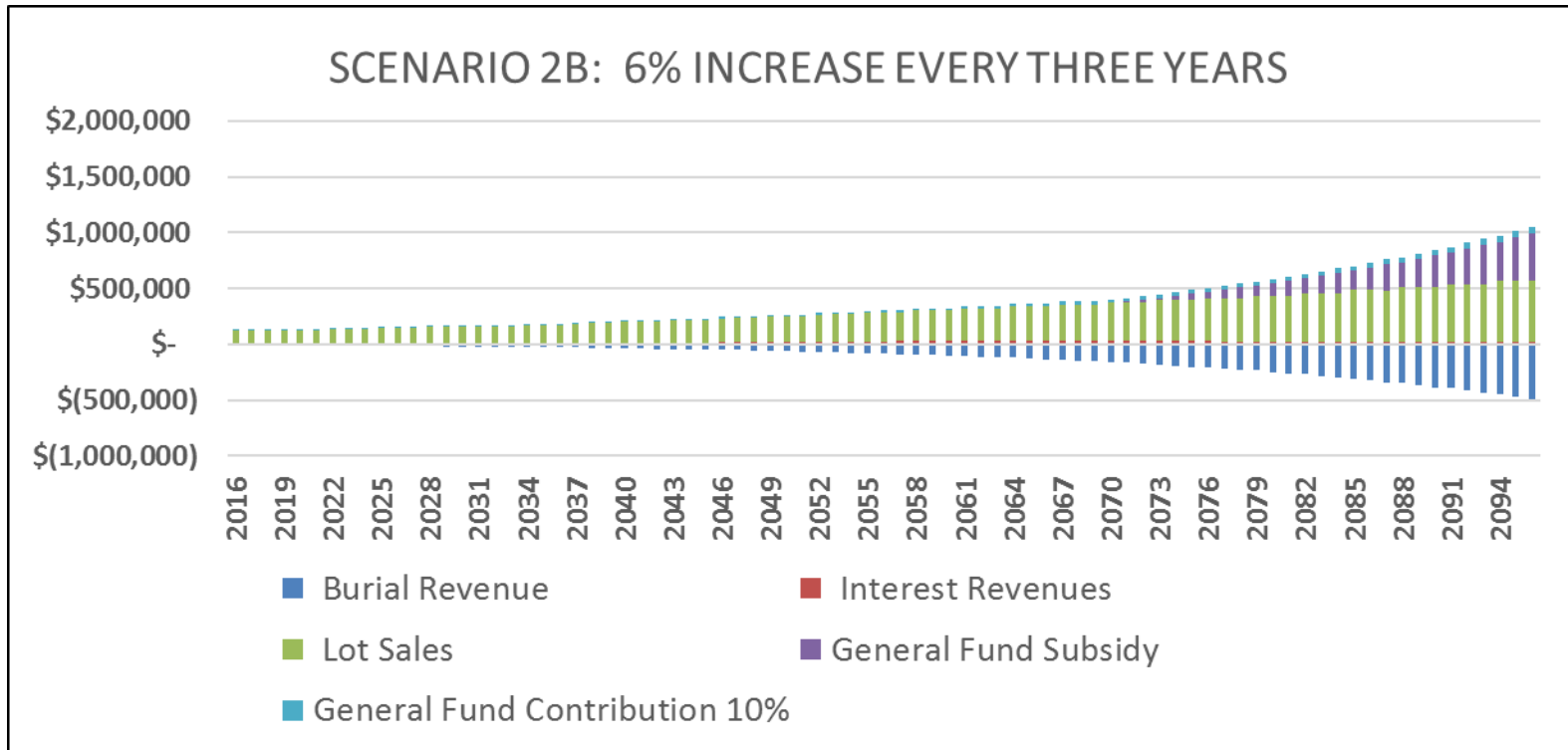


Scenario 2B: Moderate Fee Increase, 6% Every 3 Yrs

- Assumes that lot and burial fees will increase every three years by 6%
- Interest: 2%, Cost Inflation: 3%, Fee Inflation: 6% @ 3 years

SCENARIO 2B: CALCULATIONS THROUGH END OF LOT SALES (2096)		
Total PCF Cost		(18,009,154)
Beginning Cash		(1,052,434)
Burial Fee Profit/(Loss)	\$	(11,008,637)
Interest Income		1,390,826
10% GF Contribution		1,800,915
Lot Sale Revenues		23,125,761
General Fund Subsidy		4,659,527
Total Revenues	\$	18,915,958
Net Profit	\$	906,805
Actual Cash	\$	890,495

Scenario 2B: Moderate Fee Increase, 6% Every 3 Yrs

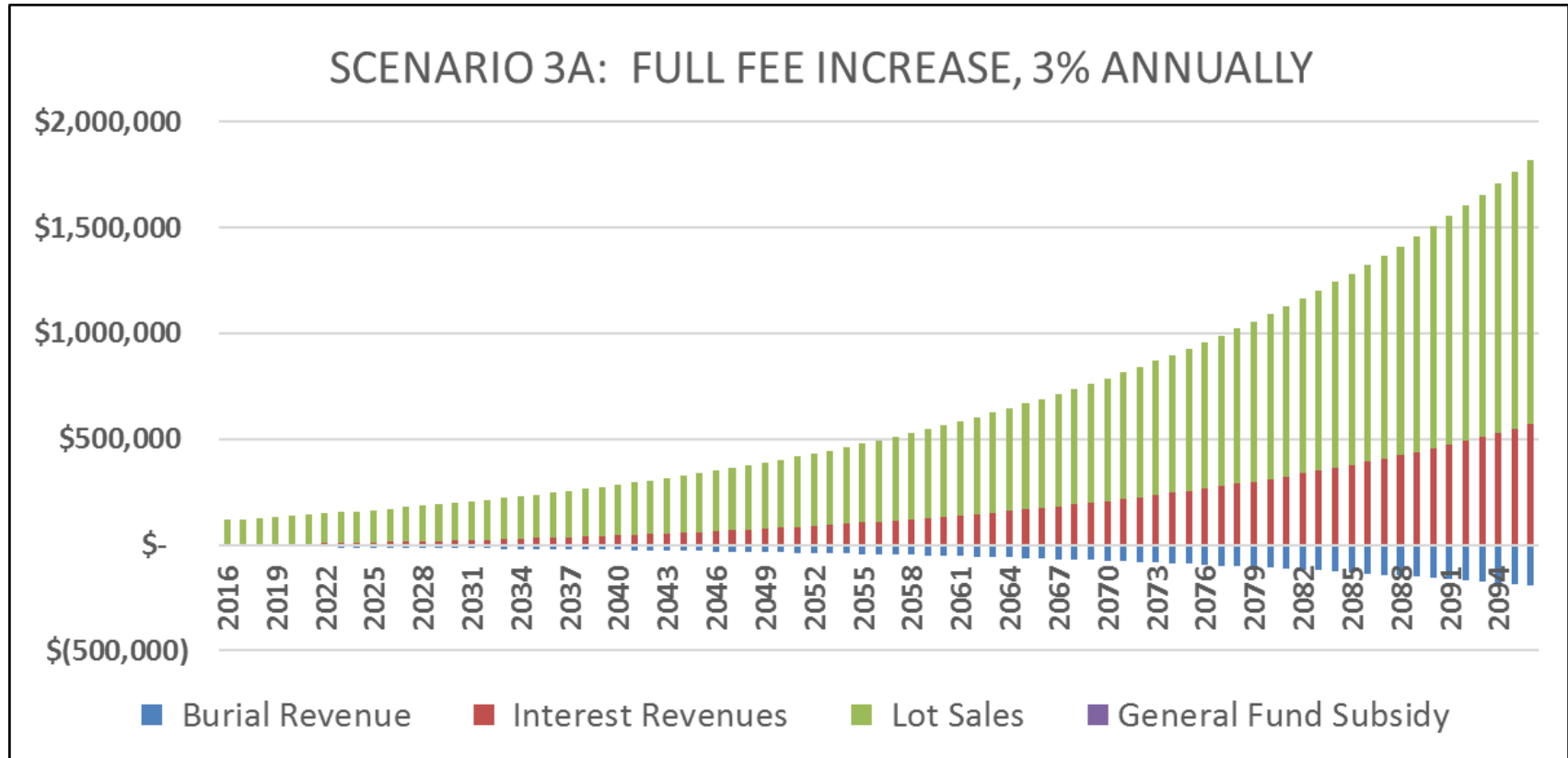


Scenario 3A: Full Fee Increase, Flat Annual Increase to Reach Full PCF Needs

- Assumes that lot and burial fees will increase annually by 3%. 2.98% annual increase need to reach minimum corpus but rounded to 3%
- Interest: 2%, Cost Inflation: 3%, Fee Inflation: 3% Annually

SCENARIO 3A: CALCULATIONS THROUGH END OF LOT SALES (2096)		
Total PCF Cost		(18,009,154)
Beginning Cash		10,062
Burial Fee Profit/(Loss)	\$	(5,049,837)
Interest Income		15,018,621
10% GF Contribution		1,800,915
Lot Sale Revenues		39,036,475
General Fund Subsidy		-
Total Revenues	\$	50,816,237
Net Profit	\$	32,807,083
Actual Cash	\$	32,807,083

Scenario 3A: Full Fee Increase, Flat Annual Increase to Reach Full PCF Needs



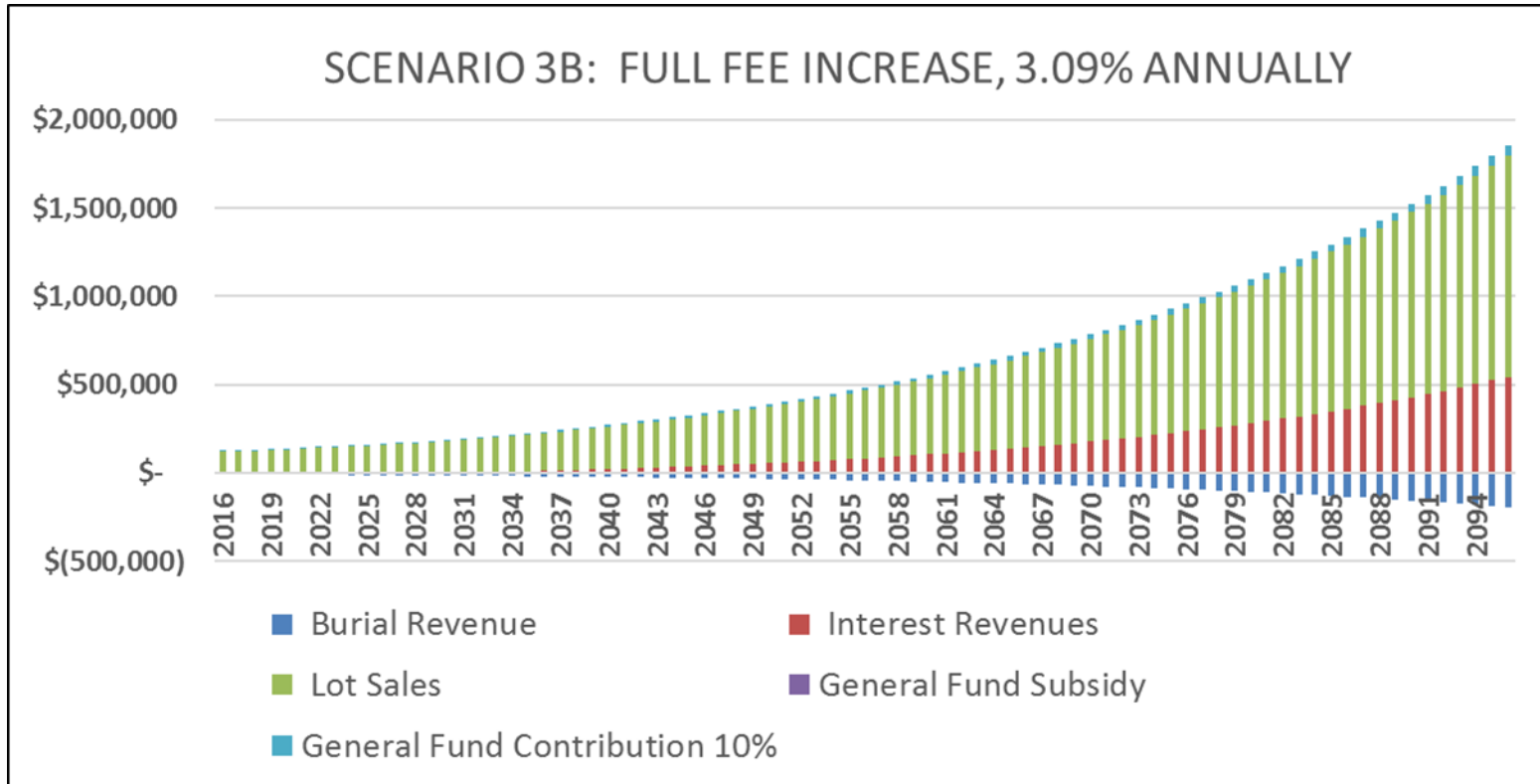
Scenario 3B: Full Fee Increase, Flat Annual Increase to Reach Full PCF Needs

- Assumes that lot and burial fees will increase annually by 3.09%

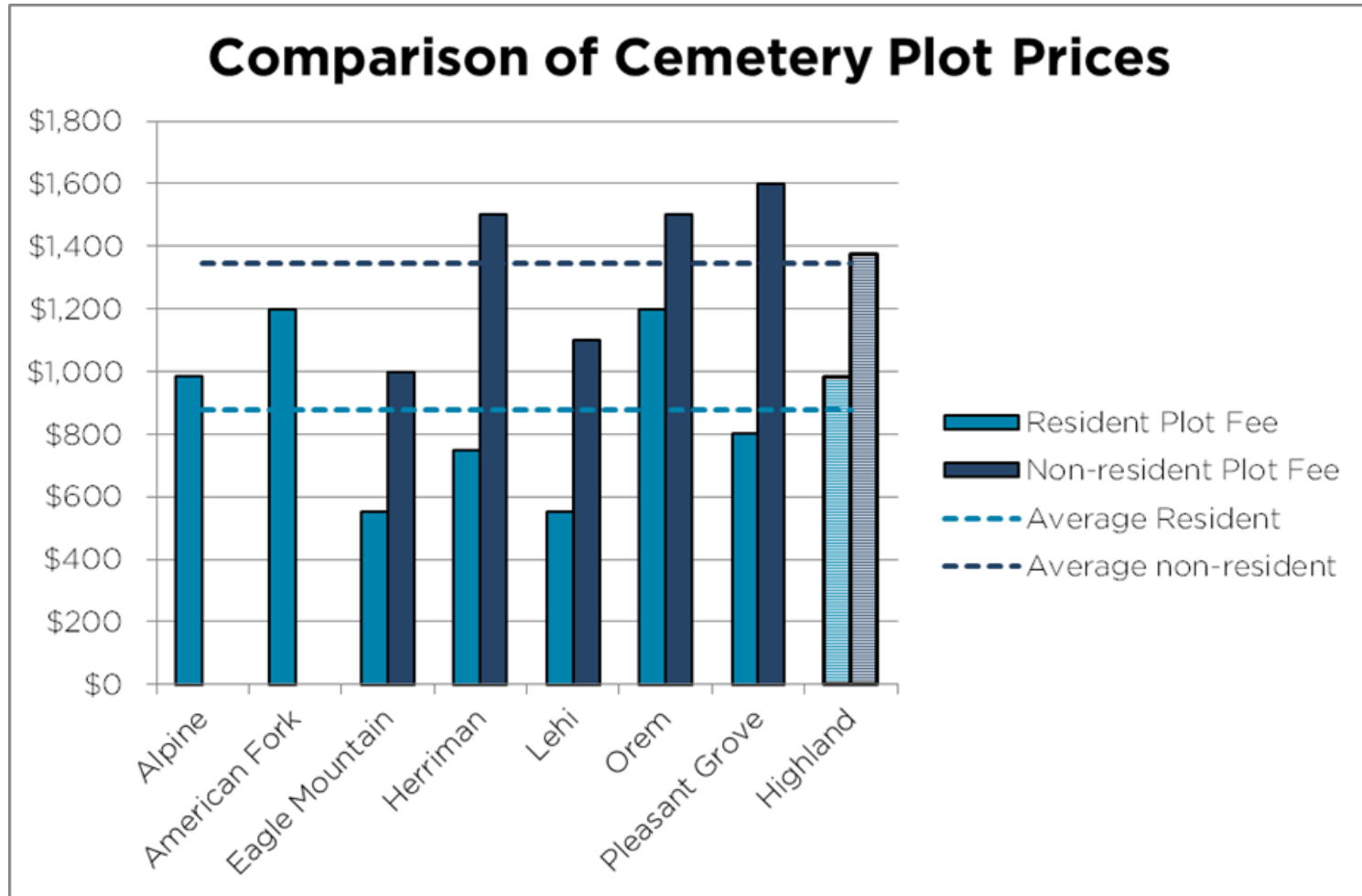
- Interest Income Annually 3.09%

SCENARIO 3B: CALCULATIONS THROUGH END OF LOT SALES (2096)		
Total PCF Cost		(18,009,154)
Beginning Cash		(1,052,434)
Burial Fee Profit/(Loss)	\$	(5,049,837)
Interest Income		11,566,276
10% GF Contribution		1,800,915
Lot Sale Revenues		39,036,475
General Fund Subsidy		-
Total Revenues	\$	46,301,395
Net Profit	\$	28,292,241
Actual Cash	\$	28,292,241

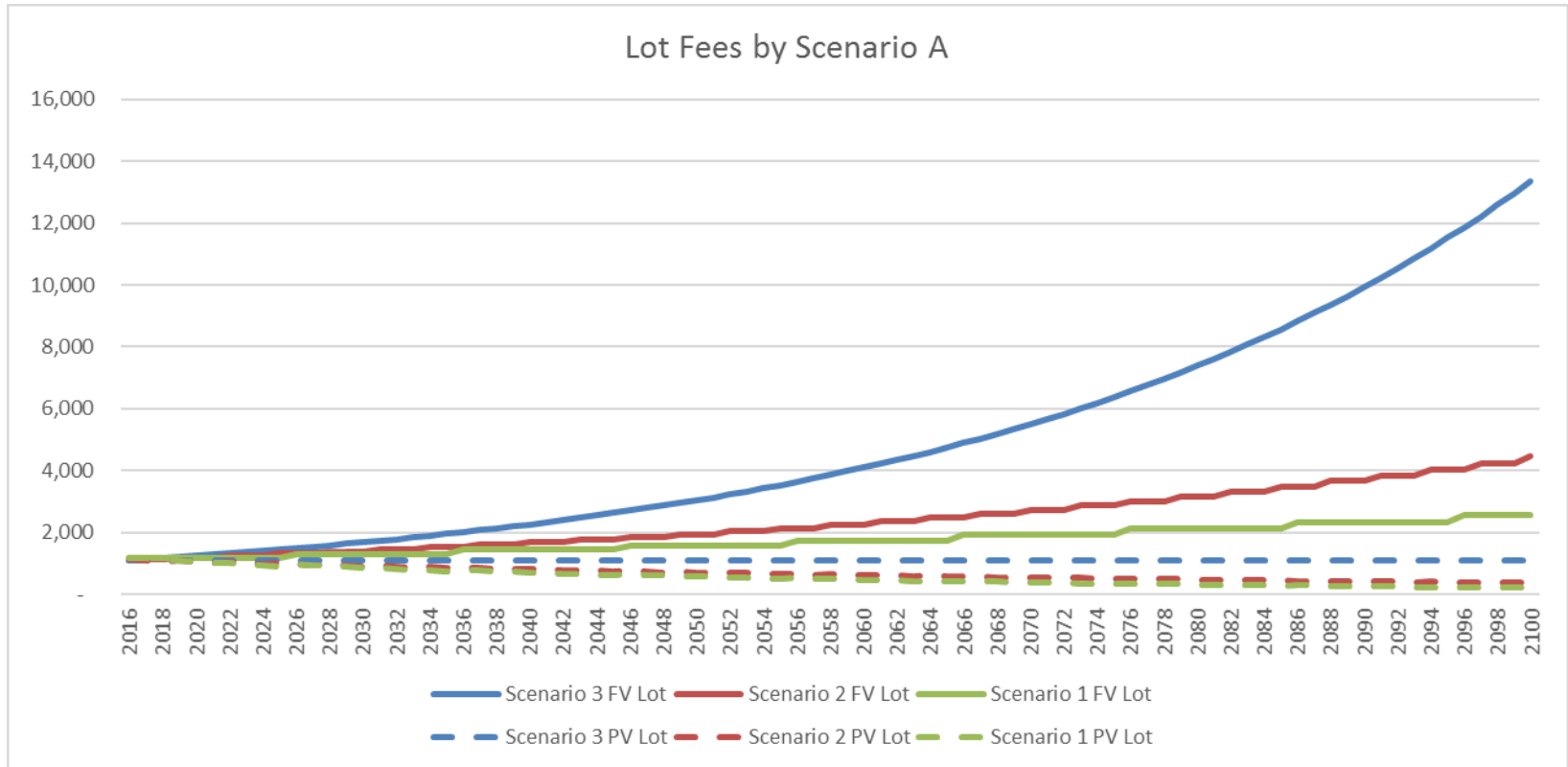
Scenario 3B: Full Fee Increase, Flat Annual Increase to Reach Full PCF Needs



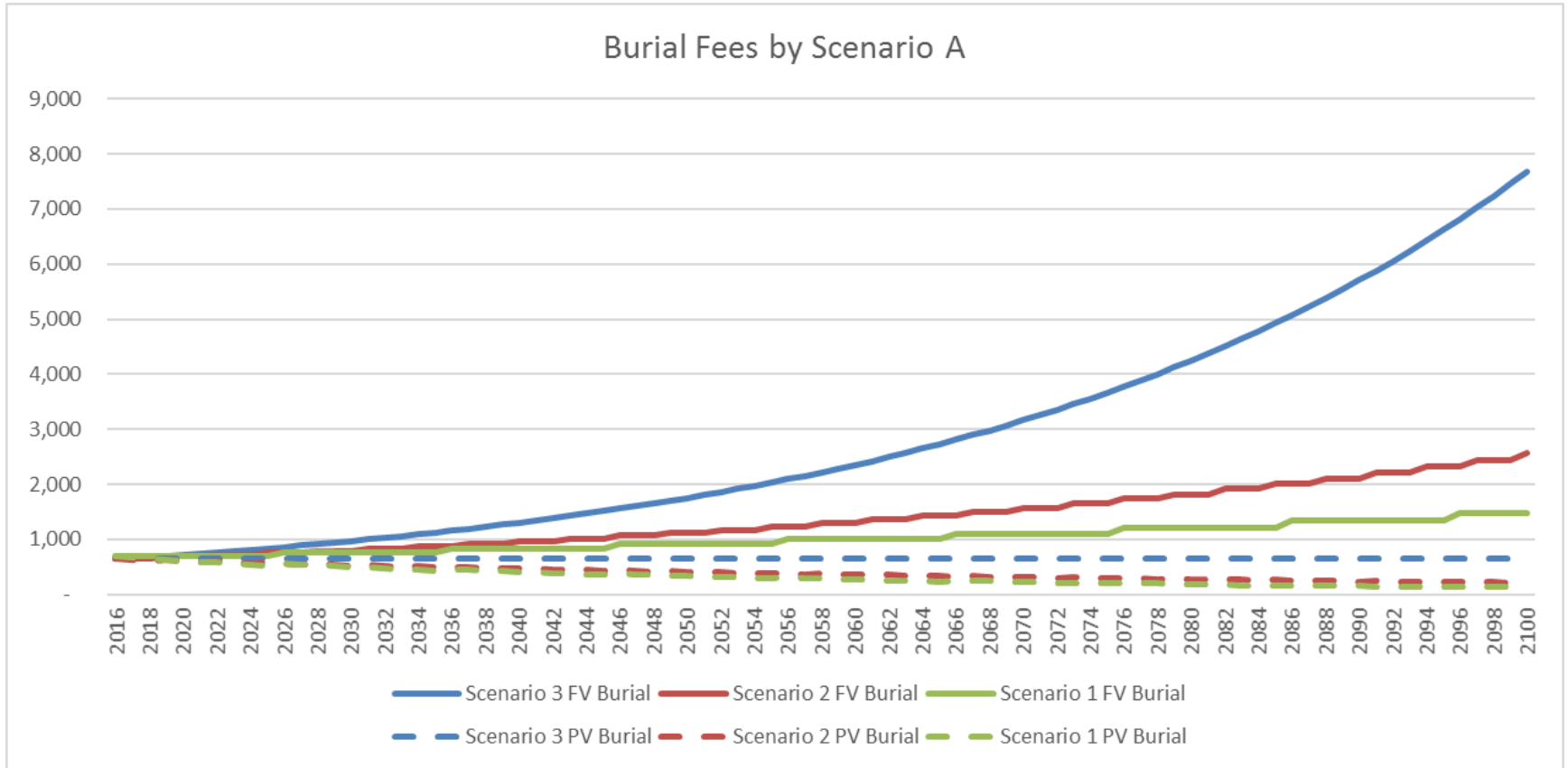
Comparative Fees by City



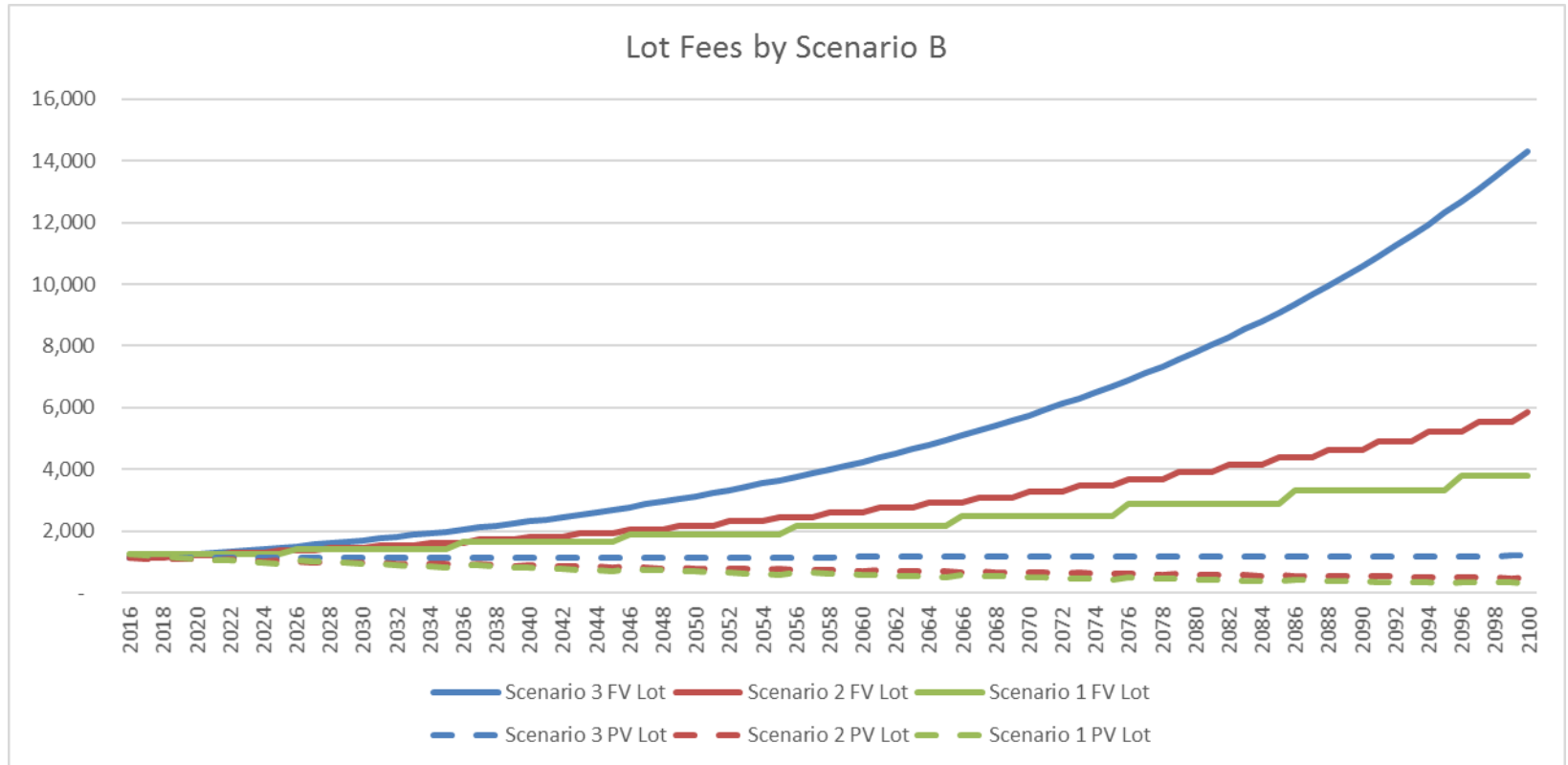
Comparative Lot Fees by “A” Scenario



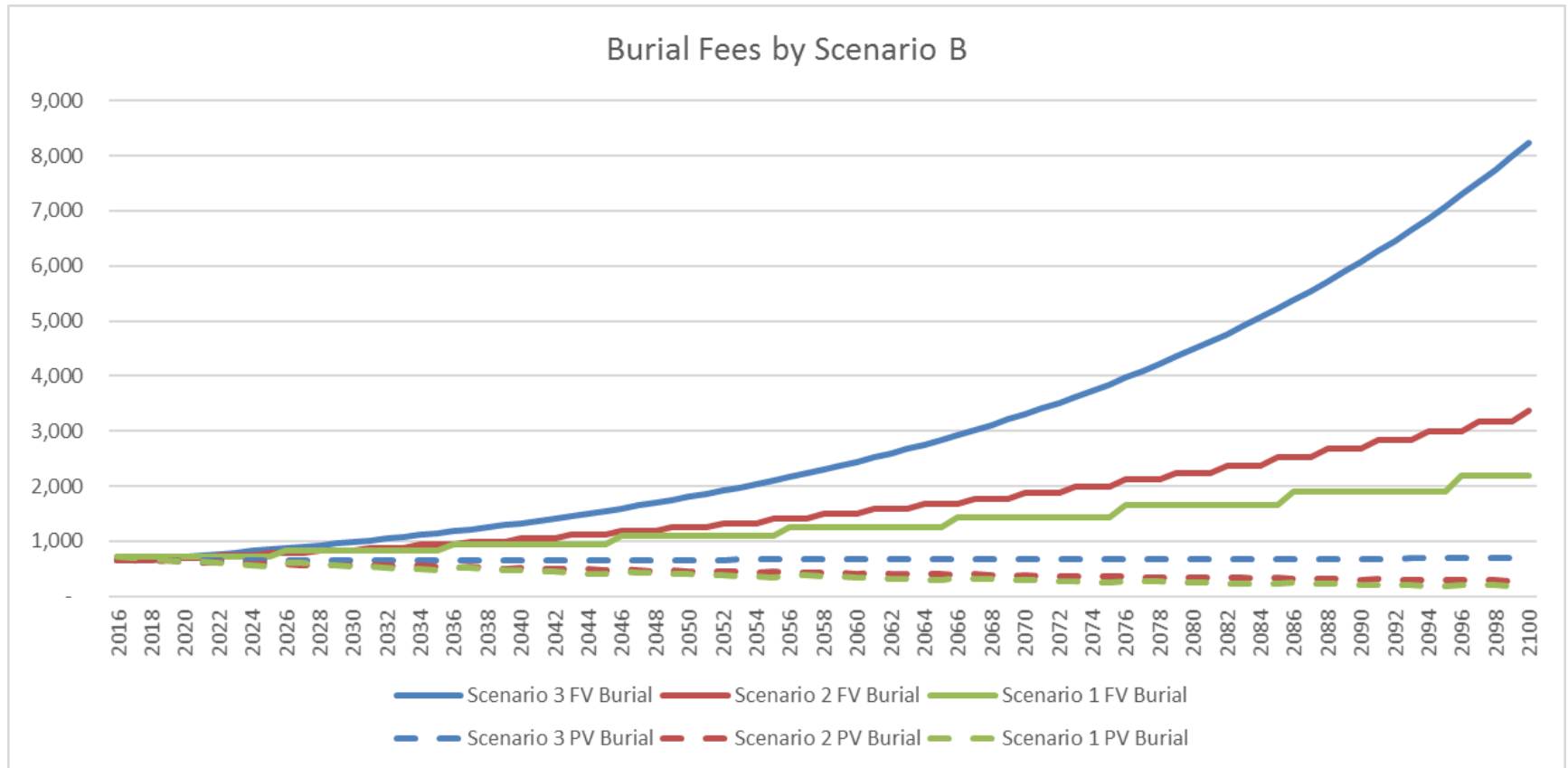
Comparative Burial Fees by “A” Scenario



Comparative Lot Fees by “B” Scenario



Comparative Burial Fees by “B” Scenario



Rate Increase Summary

	Repayment	Frequency of Rate Increase	Increase
Scenario A.1	No Subsidy Repayment	Increase Every Ten Years	10.00%
Scenario A.2	No Subsidy Repayment	Increase Every Three Years	4.00%
Scenario A.3	No Subsidy Repayment	Increase Annually	3.00%
Scenario B.1	Subsidy Repayment	Increase Every Ten Years	15.00%
Scenario B.2	Subsidy Repayment	Increase Every Three Years	6.00%
Scenario B.3	Subsidy Repayment	Increase Annually	3.09%

PCF Policies and Discussion – Next Meeting

- Types of rate structures and beginning fees
- Rate of inflationary increase
- Frequency of rate increases

Contact Information

Matt Millis

Vice President, Zions Public Finance, Inc.

matthew.millis@zionsbank.com

801-935-0337