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# Cemetery Perpetual Care Fund

## Review of Financial Model

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Presented by:

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# Meeting Overview

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- Discuss the purpose of the Perpetual Care Fund (PCF) and review discussions from February
- Discuss the findings from the decisions made in the past meeting
  - Repay subsidy of \$1,052,434 over time with lot fees
  - 3% interest earnings
  - 3% annual increase in plot fees; Keeps up with inflation and TVM
  - 10% of maintenance cost paid from General Fund; walking area
  - 25% of land, construction, and capital cost from the GF

# PCF Overview

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- 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

# Future and Present Value

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- 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

# Cemetery Revenues and Costs

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- 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
- An additional building and fence replacement is included at a cost of \$170,000

# Model Assumptions – Demand and Cost

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- 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 @ 3% Interest: \$28,860,117 (\$2,712,190 PV@3%)
- Assumes a 75% repayment of the general fund cost for land acquisition, road improvements, fence, etc.
- General Fund will fund 10% of the ongoing cemetery maintenance expense
- Repayment is expected to occur in 2026

# Updated Lot and Burial Fee Schedule

- Burial service fees appear to be adequate and will continue to be the same through the near future

| Highland City Burial Fee Structure                                   | 2016 Fee | 2017 Fee |
|--|----------|----------|
| Residential Burial Right (Plot), 3% Increase for 2017                | \$ 985   | \$ 1,015 |
| Non-Residential Burial Right (Plot), 3% Increase for 2017            | 1,375    | 1,416    |
| Weekday Singles Opening/Closing (Caskets 36" and More)               | \$ 600   | \$ 600   |
| Weekend/Holiday Opening/Closing ( Caskets 36" and More)              | 850      | 850      |
|  |          | -        |
| Weekday Opening/Closing (Cremains and Caskets 36" and Less)          | 500      | 500      |
| Weekend/ Holiday Opening/Closing (Cremains and Caskets 36" and Less) | 750      | 750      |
|  |          | -        |
| Weekday Double Burial Opening/Closing                                | 750      | 750      |
| Weekend/Holiday Double Burial Opening/Closing                        | 1,050    | 1,050    |
| Disinternment Weekday (Over 4' in length)                            | \$ 650   | \$ 650   |
| Disinternment Weekend/Holiday (Over 4' in length)                    | 980      | 980      |
| Disinternment of Child Weekday (Under 4' in length)                  | 435      | 435      |
| Disinternment of Child Weekend/Holiday (Under 4' in length)          | 655      | 655      |
| Burial Lot Transfers - Recording Fees                                | 25       | 25       |
|  |          |          |

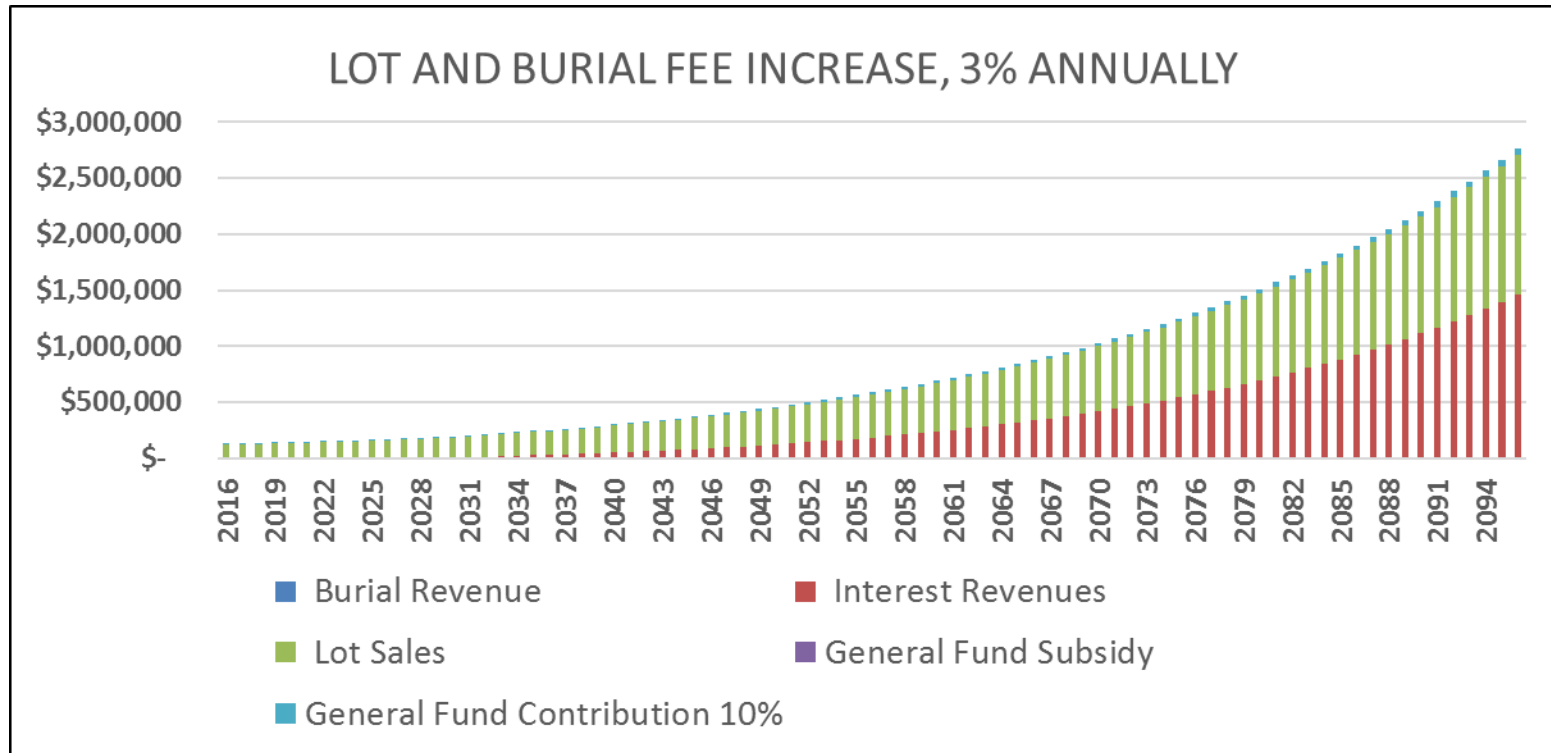
# Annual Lot and Burial Fees Increase @ 3%

- Assumes that lot and burial fees will increase every annually by 3%
- Interest: 3%, Cost Inflation: 3%, Fee Inflation: 3% Annually

| CALCULATIONS THROUGH END OF LOT SALES (2096) |    |                     |
|--|----|---------------------|
| <b>Total PCF Cost</b>                        | \$ | <b>(18,009,154)</b> |
| Beginning Cash                               |    | (1,052,434)         |
| Burial Fee Profit/(Loss)                     | \$ | -                   |
| Interest Income                              |    | 28,841,670          |
| 25% GF Contribution                          |    | 319,040             |
| 10% GF Contribution                          |    | 1,800,915           |
| Lot Sale Revenues                            |    | 39,036,475          |
| General Fund Subsidy                         |    | 9,836               |
| <b>Total Revenues</b>                        | \$ | <b>68,955,502</b>   |
| Net Profit                                   | \$ | 50,946,348          |
| <b>Actual Cash</b>                           | \$ | <b>50,722,623</b>   |



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# Future Considerations

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## ■ Future Capital Projects

- ❑ City may incur additional capital costs for unplotted cemetery land
- ❑ As these costs and timings are planned then the model should be updated to consider the additional costs
- ❑ The General Fund will fund 25% of the construction and capital costs

# Contact Information

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