

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF DECLARING THE) RESOLUTION NO. 08-3943
CEMETERY PERPETUAL CARE FUND A) Introduced by Chief Operating Officer
PERMANENT FUND) Michael J. Jordan, with the concurrence of
) Council President David Bragdon

WHEREAS, Metro owns and operates 14 Pioneer Cemeteries and is obligated to the perpetual care of these facilities; and

WHEREAS, in March 2003 the Metro Council approved Ordinance #03-996 “For the Purpose of Increasing Grave Prices, Procuring a Niche Wall and Establishing a Cemetery Surcharge” adopted March 27, 2003, where it established a surcharge of 15% of grave sale fees and 5% of niche wall sale fees to be deposited in the Cemetery Perpetual Care Fund; and

WHEREAS, during the financial audit of Metro’s Fiscal Year 2007 Comprehensive Annual Financial Report, the audit firm Moss Adams found that it was not clear whether the principal in the Cemetery Perpetual Care Fund is legally restricted, as required for the fund to be recognized as a Permanent Fund under Governmental Accounting Standards Board Statement Number 34, and recommended that Metro review the designation of this fund as a Permanent Fund; and

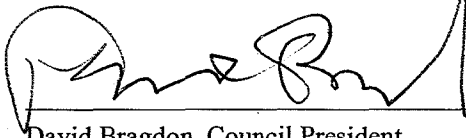
WHEREAS, it is the intent of the Metro Council that the principal in the Cemetery Perpetual Care Fund not be expended, so that interest can be generated and accumulate in support future cemetery maintenance expenses; and,

WHEREAS, in the Metro management response to the audit Metro agreed to bring legislation before the Metro Council to clarify the nature of the fund; now therefore,

BE IT RESOLVED THAT THE METRO COUNCIL DECLARES:

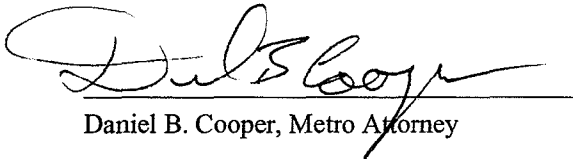
1. That the principal in the Cemetery Perpetual Care Fund is legally restricted to the extent that only accumulated interest earnings, and not principal, may be used for the purpose of maintaining Metro’s Pioneer Cemeteries; and
2. That the “principal” in the fund shall be defined as any contributions or donations made to the Cemetery Perpetual Care Fund for the purpose of supporting future maintenance expenses, including any surcharges on grave and niche wall fees, but excluding any accumulated interest earnings in the fund.

ADOPTED by the Metro Council this 15th day of May, 2008.

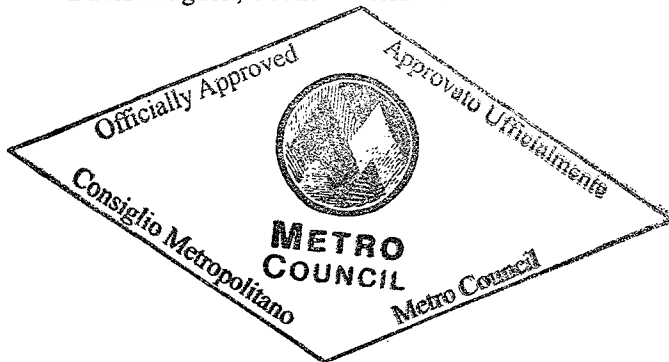


David Bragdon, Council President

Approved as to Form:



Daniel B. Cooper, Metro Attorney



STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 08-3943, FOR THE PURPOSE OF DECLARING THE CEMETERY PERPETUAL CARE FUND A PERMANENT FUND

Date: May 15, 2008

Prepared by: Jeff Tucker

BACKGROUND

During the financial audit of Metro's Fiscal Year 2007 Comprehensive Annual Financial Report, the audit firm Moss Adams found that it was not clear whether the principal in the Cemetery Perpetual Care Fund is legally restricted, as required for the fund to be recognized as a Permanent Fund under Governmental Accounting Standards Board Statement Number 34.

Moss Adams recommended, and Metro management agreed, that Metro review the designation of this fund as a Permanent Fund and bring legislation to the Metro Council to clarify the status of the principal in this fund.

This resolution clarifies that the surcharges on the sale of cemetery graves and niches, established by Council in 2003, are principal intended for the Cemetery Perpetual Care Fund. The resolution also identifies that other contributions made to the Cemetery Perpetual Care Fund are principal. The only current example of this is a transfer of approximately \$89,500 from the Willamina Farmer Special Account, which came to Metro from Multnomah County specifically restricted for maintenance of the pioneer cemeteries.

In addition, this resolution states the Council's intent that the principal in this fund not be spent, and that the interest is accumulating in the fund for the purpose of offsetting future maintenance expenses at the pioneer cemeteries.

ANALYSIS/INFORMATION

1. **Known Opposition:** None known.
2. **Legal Antecedents:** Ordinance #03-996 "For the Purpose of Increasing Grave Prices, Procuring a Niche Wall and Establishing a Cemetery Surcharge" adopted March 27, 2003, where the Metro Council established a surcharge of 15% of grave sale fees and 5% of niche wall sale fees to be deposited in the Cemetery Perpetual Care Fund; Ordinance #03-1001B "For the Purpose of Adopting the Annual Budget for Fiscal Year 2003-04, Making Appropriations, and Levying Ad Valorem Taxes, and Declaring an Emergency" adopted June 12, 2003, in which the Cemetery Perpetual Care Fund was created.
3. **Anticipated Effects:** This resolution will clarify the intended purpose for the surcharges on grave and niche sales at the pioneer cemeteries.
4. **Budget Impacts:** There is no budgetary impact to this legislation.

RECOMMENDED ACTION

The Chief Operating Officer recommends approval of this resolution.