

Cedar Grove Cemetery Association
240 South 2nd Street
Cedar Grove, Wisconsin 53013

Thank you for giving us the opportunity to present our financial concerns for continued operation of the Cedar Grove Cemetery Assn, located in Cedar Grove in Sheboygan County Wisconsin

As a member of the board since 2005 and acting as secretary presently, I have seen a drastic change in the interest received from our care funds. The board of directors has increased the fees the last three years but this has not made up for the difference in interest earnings from the care funds the last five years. The fees charged for services, excluding sale of plots, does not cover all the expenses for the year. Plot sales all goes to care funds at the present time, none goes to expenses.

The biggest problem since 2009 has been the lowering of interest rates on our care funds. During 2010, we had \$53,000.00 in care funds invested at 0.60 to 2.00 per cent bringing in \$1,300.00. The net expenses for 2010 were \$3,370.00. We need between \$1,800 and \$2,000 to remain financially viable.

Going forward to 2014, the care funds totaled \$56,000.00 and brought in \$248.00. The interest rates on those funds were 0.25 to 0.65 percent. The operating expense for 2014 was \$3,580.00.

In order to pay bills for 2013 and 2014, \$1,700.00 of our capital fund was transferred to the check book ledger in late 2013. This fund is not care funds, but a separate fund to be used for operating expenses when the need would arise. This was built up by allocating \$25.00 from each plot sale beginning in 1994 when this fund was established. There is about \$2,000.00 left in this fund and the treasurer has been given approval to move these funds to the check book ledger as needed.

In May of 2015, we approached the Cedar Grove Village Board to see if there was a way of including some of our needs in the 2016 budget. They will review the question we posed and will inform us before the next budget is determined for 2016.

Also, the cemetery board has approved two separate ads in our local weekly paper asking for funds to operate the cemetery. This has proved to be successful. At the

time of this writing, we have received \$2,275.00 in cash donations. \$525.00 has been given by individuals for services donated to the cemetery but not given a check to pay for these services. This response is gratifying and should extend our operations well into 2016. The future depends on getting higher returns from our care funds.

According to the rules of investing cemetery care funds, we are limited to certain investments only. A little side note on this. I am treasurer of our American Legion Post and we have funds invested at local banks also. As we do not have the restrictions on our investments, I went to a brokerage firm and invested \$5,000.00 in a AAA rated church bond for 4 years at 3.50 percent. This investment should bring in about \$175.00 each year. At renewal, this \$5,000.00 brought in \$12.50 for the year. This is quite a difference. That is why we are very interested in any changes that would give our cemetery and others some latitude to invest their care funds so our cemetery and others may be able to stay independent and viable.

In addition, our village board already knows that taking over the cemetery would add extra work for the staff. There are plots to sell, burial markouts, monument markouts and transfers from one owner to another family member. Besides mowing, there is trimming and landscaping of plots through out the cemetery on an as needed basis. The record keeping of transactions is vital for the owners of plots and any changes that occur as a result of sales, burials, monuments and transfers. The Village of Cedar Grove already has the Walvoord Cemetery to take care of. As Walvoord Cemetery is completely dormant, the village only has to mow and trim. Cedar Grove Cemetery is and will be active for some years to come whether independent or on the tax rolls of the village. At the present time there are 430 plots for sale. Our board of directors would like to be independent of tax money to operate. A change in the investment rules would be another option we now do not have.

Thank you from our board of directors for giving us the time to present our concerns on keeping our cemetery an independent operation.

Respectfully submitted:

Herbert Inselman, Sec.
313 Center Ave.
Cedar Grove, Wis. 53013
HL313@aol.com
920-668-6645

Re: SB123

Thank you for considering changes to Cemetery Trust Funds. Many local cemetery associations have been able to cover annual operating expenses until recent years. With interest rates at all time lows, it is hard to make ends meet. Modest changes to allow other safe investments with a greater return would help cemetery associations remain viable.

This would not only benefit cemeteries but taxpayers in the municipalities they are located. If local cemeteries are no longer able to meet operating expenses the perpetual care is the responsibility of the city, town or village they are located in.

As Sheboygan County Board Chairman I have the honor of chairing the Sheboygan County Heads of Local Government meetings. City mayors, village presidents, town chairs and the county board chair comprise the members of the group. The 28 municipalities meet quarterly to address common problems and share solutions.

The question was asked, how many municipalities are currently responsible for cemeteries turned over to them? 22 of the 28 responded yes. Others said they have been approached about some help to keep them afloat. This would result in increased local property tax burden. This example could be repeated dozens of times in Sheboygan County and hundreds of times throughout Wisconsin.

On a personal note, six generations of my family are in the Cedar Grove Cemetery. Anthony Te Stroete was the first of my family to settle in Wisconsin was born in 1814. The changes proposed in SB-123 would help Cedar Grove Cemetery and many others in Wisconsin remain financially viable for many generations to come.

Thank you for your consideration

Sheboygan County Board Chairman Roger Te Stroete



TERRY KATSMAS

STATE REPRESENTATIVE • 26th ASSEMBLY DISTRICT

Phone: (608) 266-0656
Toll-Free: (888) 529-0026
Rep.Katsma@legis.wi.gov

P.O. Box 8952
Madison, WI 53708-8952

Date: September 16, 2015
To: Assembly Committee on Financial Institutions
From: Representative Terry Katsma
Re: Assembly Bill 115: cemetery care funds

Dear Chairman Craig and Committee Members,

Thank you for convening a public hearing on Assembly Bill 115, a bill that relates to protecting Wisconsin's cemeteries. I appreciate your efforts to give due attention to the issue at hand. I also wish to thank all my constituents who traveled from Sheboygan County to Madison to attend today's hearing and help us legislators understand the challenge they face.

Local cemetery authorities throughout Wisconsin (often led by volunteers) depend heavily on the interest generated on deposits of segregated lot care funds to pay for their facilities' maintenance. But because interest rates in the marketplace have lingered for several years near historic lows—and because Wisconsin statute severely limits how cemeteries' care funds may be deposited—many cemeteries wrestle constantly with the real and imminent threat of insolvency.

I have learned from my constituents and from my research into this matter that the existing statute that governs cemetery funds can be difficult for volunteers and even financial professionals to understand. Existing statute and administrative code, although intended to minimize risk by erring toward preserving deposits' principal, is actually making these volunteers' duties more difficult by denying cemetery authorities common-sense options to make their own prudent financial decisions.

Over the past several months, I have collaborated with my Senate counterparts and with the Department of Financial Institutions to amend my initial proposal to ensure that it does not inadvertently enable for-profit organizations to exploit consumers. I am confident that granting cemetery authorities the flexibility to invest only their lot care funds with registered brokers will balance two kinds of risk: cemeteries will receive the lifeline they need to reduce or eliminate the risk of insolvency, but the risk to their investment principal will remain low.

When cemeteries go bankrupt, local governments—and local taxpayers—foot the maintenance bill. I urge you to support my effort to give these organizations the financial flexibility they require to survive.



DEVIN LEMAHIEU

STATE SENATOR

Testimony on AB 115 **RE: Trust funds for cemetery care funds** **September 16, 2015**

Thank you Chairperson Craig and Vice-Chairman Katsma for the opportunity to provide written testimony in support of AB 115, which will help small cemeteries in my district and throughout the state. I apologize, but due to a scheduling conflict I am unable to be present for today's meeting.

Assembly Bill 115 was introduced to solve a problem – small cemeteries in Wisconsin are going bankrupt. Cemeteries depend on income or interest from their care funds to cover maintenance and other care. Unfortunately, the law severely limits the type of investments cemeteries may make, denying them the income they need to stay afloat. Under current law, cemetery authorities may only invest their funds through a state-chartered or federally-chartered bank or credit union.

In the past, forcing cemeteries to deposit their funds this way was plausible. Interest rates were high, and the cemeteries received sufficient interest on their deposits. However, for quite some time, interest rates on these deposits have dropped to historic lows and as a result some cemetery authorities have already proven unable to maintain their properties. By passing this bill, and allowing cemetery authorities to invest their funds with a broker-dealer organization, our local cemeteries can afford to maintain their property.

The senate companion bill, SB 123, was passed unanimously out of the Senate Committee on Elections and Local Government, as amended by Senate Amendment 1. The amendment makes it clear that funds can only be invested with a broker-dealer or financial advisor and retains the requirement that preneed trust funds must be invested with a qualifying financial institution. Representative Katsma has introduced an identical amendment to Senate Amendment 1 to AB 115. As amended, the senate companion passed the Senate on a voice vote.

We all know that risk rises with return; however, with the current restrictions on their funds, we face a certainty that many cemeteries will go bankrupt. Allowing cemetery authorities to invest their funds with a broker-dealer organization provides them with a chance to maintain themselves and not become a responsibility of our local governments.

Thank you for your consideration on AB 115.

Sherman Offers Some Help for Cemetery

By Rodney Schroeter
 Sounder Correspondent
 Representatives of the Random Lake Union Cemetery Association appeared before the Town of Sherman Board of Supervisors on Tues., Sept. 1.

Tom Schmitz and Rich Gluck told the board that diminishing funds would likely not be able to cover grass mowing. The cemetery, located in the Town of Fredonia (south of Random Lake on Random Lake Rd.) is not asso-

ciated with a church. Upkeep is managed by the Union Cemetery Association.

"We're looking to get some money to hire somebody to cut the lawn," Schmitz said. "If we go with present money we have, we'll be out of money in a year and a half."

He estimated that \$2,000 annually would cover grass cutting.

Schmitz said they'd gone to the Town of Fredonia Board (twice) and the Random Lake Village Board. Fredonia had told them to check with Random Lake and Sherman; Random Lake is seeking a legal opinion because the village does not "adjoin" the Town of Fredonia.

Wisconsin Statute s.157.115, states that an abandoned cemetery becomes the responsibility of the municipality in which it is located. However, s.157.062(7) contains language that allows a cemetery association finding itself with funds insufficient to maintain the cemetery to approach adjoining municipalities, requesting funds for maintenance. For a "failing" cemetery, the law states that adjoining municipalities "may" contribute.

It is estimated that buried in the Union Cemetery are roughly 100 people from Random Lake, another 100 from the Town of Fredonia, and 25 from Sherman. Town Chairman William Goehring asked Schmitz if they proposed that funding from each municipality be split in those proportions. They had not.

Goehring said, "I think it's the neighborly thing to do, if we could agree to contribute based upon the number of people that are

there, from each municipality."

If the Union Cemetery Association goes bankrupt, the cemetery will become the responsibility of the Town of Fredonia.

About those buried at the cemetery, Schmitz said, "We're looking at people that lived in Random Lake, built Random Lake, built the Town of Sherman, built the Town of Fredonia. Maybe it's an obligation that this generation has to take care of them."

Goehring suggested the association write up a proposal as to how much they would like from each municipality. That would give them a starting point.

The board unanimously agreed to go on record as being tentatively agreeable in assisting financially, based on the percentage of people buried there who are identified as being from Sherman; further, that additional financial support for those of unidentified origin be split equally among the three municipalities.

Supervisor Robert Boehlke asked how another Union Cemetery, located at the intersection of Silver Creek-Cascade Rd. and County W, had become the responsibility of the Town of Sherman. Nobody present was familiar with how that happened.

Other Town Business

A draft of the town's 2016 budget was reviewed. The public hearing for this budget will be held in November.

John Delmore of Scott Construction, Inc. showed the board a map, clarifying the exact location of Camp Awana Road that his company had successfully bid to repair for the town.

Clerk/Treasurer Rhonda Klatt said the estimated 2015 population for the Town of Sherman is 1,496.

The board voted unanimously to contract with Supervisor Kris Klein to mow the Union Cemetery on County W. Klein and his father have maintained the cemetery in recent years. A split rail fence might be placed at the front of the cemetery as part of an Eagle Scout project.

Klein said he was asked by a resident if the town's ordinance could be revised to allow all-terrain vehicles (ATVs) on town roads. Several difficulties with that proposal were given. One problem is that county and state roads do not allow them; an ATV cannot drive on or cross them.

Klatt said state statutes allow ATV use on roads for agricultural use, but not for recreational use, no town in Sheboygan County allows them.

The matter was discussed, but the board took no action on the issue.

Building permits issued in August: Steve Schroeter, HVAC and electric; Wilmer Mueller, pole shed; Tricia Kulinski, pool and electric; Ed Napoleon, shed; Mark Szombathelyi, electric; Dan Bichler, addition to new home and HVAC; Ron Wood, plumbing; Jim Bertram, plumbing.

Sherman's next board meeting will be Mon., Oct. 5, 7 p.m. (This change from the usual first Tuesday of the month was made because of a scheduling conflict.)

The town office will be closed on Wed., Sept. 23.

Cemetery Issue Returns

Board members from Random Lake Union Cemetery returned to the Town of Fredonia in August to continue talking about financial issues. In July the Town of Fredonia Board was asked to help with the estimated \$2,000 lawn care cost for 2016.

Random Lake Union Cemetery is located on the east side of Random Lake Rd., about a third mile south of the county line. While it's located about a mile away from St. John's United Church of Christ, it has never been a part of the congregation.

Cemetery board members include Jim Eberhardt, Richard Gluck, Tom Schluetchermann, Tom Schmitz and Blaine Werner.

The cemetery has less than \$5,000 in reserves, and volunteers have been cutting the lawn for the last five years. If the cemetery board disbanded, the Town of Fredonia would have to assume all costs and administration, according to state law.

Cemetery officials brought their financial records along with a deed from the 1800s. Only three lots have been sold in the last five years (at \$400 per lot).

Schmitz said the board does not want to disband, but they need to find some extra funds to

cover the lawn care.

"I don't think we should be responsible for 100 per cent of it," said Town Chairman Richard Mueller.

Supervisor Jim Stemper asked cemetery officials to contact the Town of Sherman and Village of Random Lake to see if some funds would be available. The cemetery does include some Sherman and Random Lake residents, as well as Town of Fredonia residents.

Schmitz estimates that 140 lots could still be sold in the current cemetery boundaries. Also owned is another acre of land, which was secured for possible expansion.

The cemetery board agreed to contact the northern municipalities and it will report back to the Town of Fredonia.

Building inspector John Derler said there were no new home permits issued in July (two have been issued so far in 2015).

Belinski Homes asked for the refund of a building permit fee (\$817.25) and a road bond (\$1,000) for a project once planned for N5796 Cedar Valley Rd. The board voted to refund all but \$100, which will be kept for administrative costs.

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Larry Okray

301 Carroll St., Random Lake

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The purpose of my communication is to ask you to support bi-partisan bills that have been introduced by State Senator Devin LeMahieu and State Representative Terry Katsma, both of which aim to help cemetery authorities adequately care for their properties. Local non-pecuniary cemeteries are struggling to survive due to loss of interest income and due to limitations and restrictions imposed by Wisconsin Statutes. It appears that many of them will end up being the responsibility of local taxing bodies unless something is done soon to allow them to receive the help and financial advice they need to develop a reliable and growing stream of long-term income.

There are only three basic sources of investment income summarized as follows:

1. Rising income provided via dividends paid by equities (common stocks).
2. Fixed income provided via interest paid by municipal, corporate and government bonds; and preferred stock dividends.
3. Fluctuating income provided by savings accounts, certificates of deposit and short-term government and corporate debt instruments.

Although all investments are subject to risk, it is unfair and unwise to continue current legislation which in effect results in cemetery associations essentially being primarily limited to utilization of only the fluctuating type of income – income which is very cyclical and subject to policies set at the Federal level in an attempt to stimulate or slow the economy and also to control inflation. While this approach may have worked for many decades, it certainly has not worked for the last 6 years and never was the best way to carry out the responsibilities of providing long-term perpetual care.

As a result of relatively low interest rates in the 2002-2003 period and my personal concern about the care of Union Cemetery in the Town of Holland where my parents-in-law and other relatives are interred, I worked with that cemetery board as a financial advisor and helped them develop a broadly diversified perpetual care investment portfolio which provides rising and fixed income and which has served them well during the past 10 plus years. When the advice was initiated I was aware of Wisconsin cemetery regulations regarding the amount of perpetual care funds that could be allocated to equities, but I was not aware of the limited definition of "Financial Institutions" in Chapter 705.01(3) of the Wisconsin Statutes. Then in 2012 when Edward Jones instituted a new and revised account authorization form which required the Union Cemetery Board to indicate if it was subject to Wisconsin Statutes (and they did so because of the regulation pertaining to equity investments) I was advised that I could not accept any new money for investments or reinvest any money should a bond be called or mature because of Wisconsin's definition of Financial Institutions. In other words, the account is restricted because of Wisconsin Law.

This narrow definition of Financial Institutions, which excludes brokerage firms such as Edward Jones, is not in the best interest of either cemetery associations or the property tax payers of Wisconsin. Accordingly, it is requested that you support the efforts of Sen. LeMahieu and Rep. Katsma so that cemetery association authorities can seek advice and make investments that will better enable them to remain off the tax rolls and empower them to better fulfill their responsibility to provide the perpetual care that they are mandated to provide.

Thank you for your consideration.

Sincerely,

Glenn Lemmenes



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2015 Senate Bill 123

**Senate
Amendment 1**

Memo published: June 9, 2015

Contact: Brian Larson, Staff Attorney (266-0680)

2015 Senate Bill 123 modifies certain requirements applicable to cemetery lot care funds (“lot funds”), mausoleum care funds (“mausoleum funds”), and trust funds established in connection with preneed cemetery sales contracts (“preneed trust funds”).

CURRENT LAW

Under current law, a person who owns or operates a cemetery (“cemetery authority”) is authorized to receive lot funds, and *may* deposit such funds with a state- or federally chartered financial institution (“financial institution”) located in the state. Also, under current law, a cemetery authority is authorized to receive mausoleum funds and preneed trust funds, and *must* deposit such funds with a financial institution located in the state.

For purposes of these funds, a financial institution may include a bank, savings bank, savings and loan association, trust company, or credit union. Current law requires the financial institution to maintain the funds in accordance with certain requirements specified in the statute, including requirements under the Uniform Prudent Investor Act.

2015 SENATE BILL 123

The bill allows a cemetery authority to deposit lot funds, mausoleum funds, and preneed trust funds with a “broker-dealer,” who is a person engaged in the business of effecting transactions in securities. Under the bill, the definition of financial institutions is expanded to include a broker-dealer registered with the Division of Securities in the Department of Financial Institutions, or a broker-dealer exempt from such registration.

SENATE AMENDMENT 1

The amendment narrows the change under the bill, so that it would apply only to deposits of lot funds and mausoleum funds. Under the amendment, a cemetery authority would be authorized to deposit lot funds or mausoleum funds with a "broker-dealer." However, with respect to preneed trust funds, the current law definition of financial institution would continue to apply.

BILL HISTORY

Senate Amendment 1 was offered by Senator LeMahieu on June 2, 2015. On June 3, 2015, the Senate Committee on Elections and Local Government voted to recommend adoption of the amendment, on a vote of Ayes, 5; Noes, 0. On the same day, the committee voted to recommend passage of the bill, as amended, on a vote of Ayes, 5; Noes, 0.

BL:jal