



**RIVERCLIFF UNION CEMETERY
MORROW COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Rivercliff Union Cemetery
Morrow County
700 Westview Drive
Mount Gilead, Ohio 43338

To the Board of Trustees:

We have audited the accompanying financial statements of Rivercliff Union Cemetery, Morrow County, Ohio, (the Cemetery) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Cemetery prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Cemetery as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2000 on our consideration of the Cemetery's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

April 6, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL FUND AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$29,739	\$0	\$29,739
Intergovernmental	2,885	0	2,885
Charges for Services	9,732	0	9,732
Sale of Lots	3,500	0	3,500
Interest	7,121	2,552	9,673
Miscellaneous	479	0	479
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	53,456	2,552	56,008
Cash Disbursements:			
Current:			
Salaries and Benefits	13,709	0	13,709
Supplies and Equipment	7,583	0	7,583
Contractual Services	36,670	0	36,670
Miscellaneous	3,449	0	3,449
Capital Outlay	0	23,602	23,602
	<hr/>	<hr/>	<hr/>
Total Disbursements	61,411	23,602	85,013
Total Receipts Over/(Under) Disbursements	(7,955)	(21,050)	(29,005)
Fund cash balances, January 1	96,863	30,907	127,770
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Fund Cash Balances, December 31	<u>\$88,908</u>	<u>\$9,857</u>	<u>\$98,765</u>

The notes to the financial statements are an integral part of this statement.

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Nonexpendable Trust</u>
Fund Cash Balances, January 1	<u>\$80,127</u>
Fund Cash Balances, December 31	<u><u>\$80,127</u></u>

The notes to the financial statements are an integral part of this statement.

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL FUND AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$29,141	\$0	\$29,141
Intergovernmental	2,860	0	2,860
Charges for Services	8,880	0	8,880
Sale of Lots	6,175	0	6,175
Interest	7,601	2,113	9,714
Miscellaneous	5,028	17,900	22,928
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	59,685	20,013	79,698
Cash Disbursements:			
Current:			
Salaries and Benefits	31,146	0	31,146
Supplies and Equipment	5,819	0	5,819
Contractual Services	1,625	0	1,625
Miscellaneous	6,999	0	6,999
Capital Outlay	10,620	31,126	41,746
	<hr/>	<hr/>	<hr/>
Total Disbursements	56,209	31,126	87,335
Total Receipts Over/(Under) Disbursements	3,476	(11,113)	(7,637)
Fund Cash Balances, January 1 (restated)	93,387	42,020	135,407
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$96,863</u>	<u>\$30,907</u>	<u>\$127,770</u>

The notes to the financial statements are an integral part of this statement.

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Non-Expendable Trust</u>
Fund Cash Balances, January 1	<u>\$80,127</u>
Fund Cash Balances, December 31	<u><u>\$80,127</u></u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Rivercliff Union Cemetery, Morrow County, Ohio, (the Cemetery) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Cemetery is directed by an appointed three-member Board of Trustees. Two members are appointed by the Mount Gilead Village Council and one by the Gilead Township Trustees. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

The Cemetery's management believes these financial statements present all activities for which the Cemetery is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit and U.S. Treasury Notes are valued at cost. The investments in Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage Association (FNMA) are also valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Cemetery uses fund accounting to segregate cash and investments that are restricted as to use. The Cemetery classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Cemetery to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. The Cemetery had the following significant Fiduciary Funds:

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

2. Fiduciary Funds (Trust Funds)

Mausoleum Fund - This expendable trust fund receives interest from bequests for the benefit of the cemetery's mausoleum.

Cemetery Trust Fund- This non-expendable trust fund is the for the benefit of the cemetery mausoleum. The corpus amount of the trust is 70,000. All interest earned on the corpus is credited to the general fund.

E. Budgetary Process

The Cemetery budgets each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control. The Board annually approves appropriation measures and subsequent amendments. Appropriations lapse at year end.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Cemetery maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 39,470	\$ 70,056
Certificates of deposit	<u>42,422</u>	<u>40,841</u>
Total deposits	<u>81,892</u>	<u>110,897</u>
U.S. Treasury Notes	27,000	27,000
FHLMC	25,000	25,000
FNMA	<u>45,000</u>	<u>45,000</u>
Total investments	<u>97,000</u>	<u>97,000</u>
Total deposits and investments	<u>\$ 178,892</u>	<u>\$ 207,897</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are insured by the Federal Depository Insurance Corporation. At December 31, 1999 and December 31, 1998, the Cemetery had \$22,086 and \$26,725 of deposits, respectively, which were not insured or collateralized contrary to chapter 135 of the Ohio Revised Code.

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Cemetery's financial institution. The financial institution maintains records identifying the Cemetery as owner of these securities. The investments in FHLMC and FNMA are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 152,344	\$ 61,411	\$ 90,933
Fiduciary (Trust Funds)	32,184	23,602	8,582
Total	\$ 184,528	\$ 85,013	\$ 99,515

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 125,025	\$ 56,209	\$ 68,816
Fiduciary (Trust Funds)	43,020	31,126	11,894
Total	\$ 168,045	\$ 87,335	\$ 80,710

4. RETIREMENT SYSTEMS

Cemetery employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Cemetery contributed an amount equal to 13.55% of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 1999.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. RISK MANAGEMENT

The Cemetery has obtained commercial insurance for the following risks:

- General Property
- Official's Liability
- Vehicles
- Property

6. PRIOR PERIOD ADJUSTMENT

The general fund balance at January 1, 1998 was restated by \$21,362.

As previously stated:	72,025
Restated January 1, 1998 balance:	93,387

This restatement is due to the Cemetery not posting interest earned from investments for a ten year period.



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Rivercliff Union Cemetery
Morrow County
700 Westview Drive
Mount Gilead, Ohio 43338

To the Board of Trustees:

We have audited the financial statements of Rivercliff Union Cemetery, Morrow County, Ohio, (the Cemetery), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated April 6, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Cemetery's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Governmental Auditing Standards* which is described in the accompanying schedule of findings as item 1999-30659-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Cemetery in a separate letter dated April 6, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Cemetery in a separate letter dated April 6, 2000.

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

April 6, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 1999-30659-001

Ohio Revised Code section 135.18 states the Treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times.

At December 31, 1999 and December 31, 1998, the Cemetery had \$22,086 and \$26,725, respectively, in an interest-bearing account at Fifth Third Investment Co./The Ohio Company. This account was not insured or collateralized contrary to chapter 135 of the Ohio Revised Code.

We recommend the Cemetery ensure the account at Fifth Third Investments/The Ohio Company is fully collateralized.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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RIVERCLIFF UNION CEMETERY

MORROW COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 2, 2000**