



**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Edon Union Cemetery District
Williams County
108 East Indiana Street
P.O. Box 338
Edon, Ohio 43518-0338

To the Board of Trustees:

We have audited the accompanying financial statements of Edon Union Cemetery District, Williams County, Ohio, (the Cemetery) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits 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 audits 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 audits provide 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, 2000 and 1999, 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 [date of report] 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

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.

Jim Petro
Auditor of State

March 9, 2001

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General Fund</u>
Cash Receipts:	
Local Taxes	\$12,306
Intergovernmental	1,160
Charges for Services	620
Interest	<u>1,469</u>
Total Cash Receipts	<u>15,555</u>
Cash Disbursements:	
Current:	
General Government	8,561
Public Works	4,465
Contracts - Services	1,129
Workers' Compensation	51
Miscellaneous	<u>303</u>
Total Cash Disbursements	<u>14,509</u>
Total Cash Receipts Over Cash Disbursements	1,046
Fund Cash Balances, January 1	<u>29,669</u>
Fund Cash Balances, December 31	<u><u>\$30,715</u></u>

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

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General Fund
Cash Receipts:	
Local Taxes	\$13,100
Intergovernmental	1,120
Charges for Services	3,800
Interest	1,122
Total Cash Receipts	19,142
Cash Disbursements:	
Current:	
General Government	6,771
Public Works	3,443
Contracts - Services	1,129
Workers' Compensation	193
Miscellaneous	2,416
Total Disbursements	13,952
Total Receipts Over Disbursements	5,190
Fund Cash Balances, January 1	24,479
Fund Cash Balances, December 31	\$29,669

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

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Edon Union Cemetery District, Williams County, (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. The Board is appointed by the Council members of the Village of Edon and the trustees of Florence Township. 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Certificates of deposit is valued at cost.

D. Fund Accounting

The Cemetery uses fund accounting to segregate cash and investments that are restricted as to use. The Cemetery has the following fund:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources.

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.

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Cemetery reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2000 and 1999 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 CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2000	1999
Demand deposits	\$27,615	\$26,569
Certificate of Deposits	3,100	3,100
Total deposits	\$30,715	\$29,669

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,660	\$15,555	(\$29,105)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$44,660	\$14,509	\$30,151

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$37,673</u>	<u>\$19,142</u>	<u>(\$18,531)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$37,673</u>	<u>\$13,952</u>	<u>\$23,721</u>

The Clerk did not properly certify that Cemetery funds were available for disbursements in Fiscal Years 2000 and 1999 contrary to Ohio Revised Code § 5705.41(D).

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Cemetery.

5. RETIREMENT SYSTEMS

The Cemetery's Board members and Clerk belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post retirement 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Cemetery contributed an amount equal to 13.55% of participants' gross salaries during fiscal year 1999 and the first half of fiscal year 2000. The Cemetery contributed a temporary rollback rate of 8.13% for the last half of fiscal year 2000. The Cemetery has paid all contributions required through December 31, 2000.

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RISK MANAGEMENT

The Cemetery has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.



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

Edon Union Cemetery District
Williams County
108 East Indiana Street
P.O. Box 338
Edon, Ohio 43518-0338

To the Board of Trustees:

We have audited the accompanying financial statements of Edon Union Cemetery District, Williams County, (the Cemetery) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 9, 2001. We conducted our audits 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 audits 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 *Government Auditing Standards* which is described in the accompany schedule of findings as item 2000-30186-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Cemetery in a separate letter dated March 9, 2001.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over the financial reporting that in our judgement could adversely affect the Cemetery's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompany schedule of findings as items 2000-30186-002 and 2000-30186-003.

Edon Union Cemetery District
Williams County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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. 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 reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that may be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. We also 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 March 9, 2001.

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.

Jim Petro
Auditor of State

March 9, 2001

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-30186-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board.

In all of the transactions tested, the Cemetery did not certify funds as required.

This procedure is not only required by Ohio law, it is also a key control in the disbursement process. This control ensures that purchase commitments receive prior approval which helps to reduce the possibility of funds being over expended. To improve controls over disbursements, it is recommended that the Clerk certify all disbursements and the Board periodically review the expenditures to ensure that they are properly certified by the Clerk and are recorded against appropriations.

FINDING NUMBER 2000-30186-002

Reportable Condition - Minute Records and Resolutions

Several Board actions and resolutions passed by the Cemetery Board of Trustees were not recorded in the minute proceedings. For example, in fiscal year 2000, the Board approved the employment of a part-time cemetery employee as well as its annual appropriation resolution, but it did not record the approvals as part of the meeting proceedings.

Failure to identify the Board's intentions in resolutions or the minute records may result in improper payments made to employees or procedures being implemented that are in conflict with the Board's intentions.

**FINDING NUMBER 2000-30186-002
(Continued)**

In order to provide the documentation necessary to identify the Board's intentions, we recommend the minute record fully document the content of all approved Board actions and resolutions and that a formal signed copy be maintained. All meeting proceedings and Board resolutions passed by the Board of Trustees should be subsequently reviewed by the Trustees to determine whether the resolution have been accurately and completely memorialized. This approval should be documented in the minute records of the Cemetery.

FINDING NUMBER 2000-30186-003

Reportable Condition - Monitoring Cemetery Financial Activity

In an entity the size of the Edon Union Cemetery District, it is usually not cost effective to employ all basic internal accounting controls necessary to provide management with a reasonable assurance that all related procedures are functioning properly. The Clerk is responsible for all functions relating to the accounting records. Without the proper separation of duties, there is the possibility that errors or irregularities could occur and not be detected in a timely period.

To strengthen internal accounting and administrative controls, we recommend that a finance committee be appointed. The committee should be comprised of members of the Board, and they should periodically review monthly financial statements, determine that proper procedures are being followed, and that the bank reconciliations, cashbook, and ledgers support the statements submitted. To achieve this, the following could be performed:

1. Review the Clerk's reconciliation of the bank statement and investments with the cashbook balance to ensure that the amounts correspond and that the balance of the cashbook include all active and invested money under the control of the Cemetery.
2. Review the following month's bank statement to verify that the prior month's reconciling items, such as deposits-in-transit and outstanding checks, were accurately posted.
3. Verify that monthly and year-to-date totals are being maintained in the cashbook, receipt journal and appropriation journal, and that they are in agreement.
4. Review billings from retirement systems, payroll withholdings, insurance utilities, etc., to ensure that the obligations of the Cemetery are being paid in a timely manner.

In addition to performing such a review, the officials' signatures or initials should be affixed to the documents as indications of approval.



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EDON UNION CEMETERY DISTRICT

WILLIAMS 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
MARCH 29, 2001**