



**Auditor of State  
Betty Montgomery**



**EDON UNION CEMETERY DISTRICT  
WILLIAMS COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Edon Union Cemetery District  
Williams County  
108 E. Indiana St.  
P.O. Box 338  
Edon, OH 43518-0338

To the Board of Trustees:

We have audited the accompanying financial statements of the Edon Union Cemetery District, Williams County (the Cemetery) as of and for the years ended December 31, 2002 and 2001. 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 auditing standards generally accepted in the United States of America 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 fund cash balances and of the Cemetery as of December 31, 2002 and 2001, and its cash receipts and cash 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 1, 2003 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 audits.

Edon Union Cemetery District  
Williams County  
Independent Accountants' Report  
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This report is intended solely for the information and use of management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 1, 2003

**EDON UNION CEMETERY DISTRICT  
WILLIAMS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	<b>General Fund</b>	
	<b>2002</b>	<b>2001</b>
<b>Cash Receipts:</b>		
Local Taxes	\$14,004	\$13,987
Intergovernmental	1,246	1,211
Charges for Services	3,150	1,500
Lot Sales	2,130	690
Interest	848	921
Miscellaneous	151	282
	<b>21,529</b>	<b>18,591</b>
 <b>Cash Disbursements:</b>		
Current:		
Salaries	9,798	7,679
Supplies	11,416	7,155
Auditor Fees	329	323
Contracts - Services	1,129	3,310
Workers' Compensation	94	276
Miscellaneous	148	88
	<b>22,914</b>	<b>18,831</b>
 Total Cash Disbursements Over Cash Receipts	 (1,385)	 (240)
 Cash Balances, January 1	 30,475	 30,715
 <b>Cash Balances, December 31</b>	<b>\$29,090</b>	<b>\$30,475</b>

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

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**EDON UNION CEMETERY DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**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 cash 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 deposits are valued at cost.

**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.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Board annually approves an appropriation measure and any subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**EDON UNION CEMETERY DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Cemetery to reserve (encumber) appropriations when commitments are made. The Cemetery did not use the encumbrance method of accounting.

A summary of 2002 and 2001 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 follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$25,990	\$27,375
Certificates of deposit	3,100	3,100
Total deposits	<u>\$29,090</u>	<u>\$30,475</u>

Deposits are insured by the Federal Depository Insurance Corporation,

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

<u>2002 Budgeted vs. Actual Receipts</u>			
	<u>Budgeted</u>	<u>Actual</u>	
<u>Fund Type</u>	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
General Fund	<u>\$27,050</u>	<u>\$21,529</u>	<u>(\$5,521)</u>

<u>2002 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
	<u>Appropriation</u>	<u>Budgetary</u>	
<u>Fund Type</u>	<u>Authority</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund	<u>\$38,050</u>	<u>\$22,914</u>	<u>\$15,136</u>

**EDON UNION CEMETERY DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$15,500	\$18,591	\$3,091

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$42,695	\$18,832	\$23,863

The Clerk did not properly certify that Cemetery funds were available for disbursement in Fiscal Years 2002 and 2001 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 Ohio Public Employees Retirement System (OPERS). OPERS 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 2002 and 2001, OPERS employee members contributed 8.5 percent of their gross salaries. The Cemetery contributed an amount equal to 13.55 percent of participants' gross salaries through June 30, 2000. Commencing July 1, 2000, OPERS temporarily reduced employer contributions to 8.13 percent. The Cemetery has paid all contributions required through December 31, 2002.

**EDON UNION CEMETERY DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Edon Union Cemetery District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.



**Auditor of State  
Betty Montgomery**

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

Edon Union Cemetery District  
Williams County  
108 E. Indiana St.  
P.O. Box 338  
Edon, OH 43518-0338

To the Board of Trustees:

We have audited the accompanying financial statements of the Edon Union Cemetery District, Williams County (the Cemetery) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 1, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 the 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-30186-001 and 2002-30186-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Cemetery in a separate letter dated April 1, 2003.

**Internal Control over Financial Reporting**

In planning and performing our audits, 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 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 judgment 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 accompanying schedule of findings as items 2002-30186-003 and 2002-30186-004.

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 matter in the internal control over financial reporting that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to 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 April 1, 2003.

This report is intended solely 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.



**Betty Montgomery**  
Auditor of State

April 1, 2003

**EDON UNION CEMETERY DISTRICT  
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-30186-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41 (D) states no subdivision shall make any contract or order any expenditure of money unless a 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 provides two exceptions to the above requirements:

- a. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of the warrant. The taxing authority has 30 days from the receipt of such a certificate to approved payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing authority.
- b. Amounts of less than \$1,000 for political divisions may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority. On April 7<sup>th</sup>, the amount below which a fiscal officer may pay without affirmation of their taxing authority is increasing from \$1,000 to \$3,000.

None of the transactions tested included prior certificate of the clerk, nor was there evidence of a "then and now" certificate being used by the clerk. We recommend the Cemetery certify the availability of funds prior to the cash expenditure, and to encumber the entire amount of the invoice as the time the purchase order is approved.

**FINDING NUMBER 2002-30186-002**

**Noncompliance Citation**

Provisions of the Ohio Revised Code § 102.03 and Ohio Revised Code Chapter 2921 address the circumstances in which a public official or employee is prohibited from using the authority or influence of his office or employment to secure anything of value that substantially and improperly influences the official or employee in the exercise of his duties, and from having an interest in a public contract.

Ohio Revised Code § 102.03(D) provides that no public official or employee shall use the authority or influence of office or employment to secure anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties

Ohio Revised Code § 2921.42(A)(4) provides that a public official may not knowingly "[h]ave an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which he is connected."

**FINDING NUMBER 2002-30186-002  
(Continued)**

Ohio Revised Code § 9.38 requires that a person who is a public official other than a state officer, employee, or agent deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt.

Mr. Jim Brigle, a Trustee of the Cemetery received \$4,650 for opening and closing graves in 2001 and 2002. Such moneys are considered collected under color of office and are public moneys. These revenues were never remitted to the treasury of the Cemetery. The Cemetery accounted for neither the revenues, nor the corresponding payments for services provided by Mr. Brigle.

We recommend that the Cemetery establish fee rates for grave openings and closings. The Cemetery trustees should require all revenues received for openings and closings be deposited with the Treasurer of the Cemetery and accounted for on the Cemetery's books. The Trustees should further stipulate what, if any, additional compensation should be paid to Cemetery employees who perform such services. Any compensation for services should be paid on checks issued by the Treasurer. Trustees should be restricted from performing such services for pay.

**FINDING NUMBER 2002-30186-003**

**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 2001, the Board approved the employment of a cemetery superintendent, 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.

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 resolutions have been accurately and completely memorialized. This approval should be documented in the minute records of the Cemetery.



**FINDING NUMBER 2002-30186-004**

**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:

- 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 includes all active and invested money under the control of the Cemetery.
- 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.
- 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.
- 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.

**EDON UNION CEMETERY DISTRICT  
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
2000-30186-001	Revised Code § 5705.41 (D) Failure to certify funds	No	Not Corrected. Repeated as finding number 2002-30186-001
2000-30186-002	Improve minute records	No	Not Corrected. Repeated as finding number 2002-30186-003
2000-30186-003	Improve Monitoring of Financial Activity	No	Not Corrected. Repeated as finding number 2002-30186-004



**Auditor of State  
Betty Montgomery**

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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  
MAY 8, 2003**