

**RIVERCLIFF UNION CEMETERY
MORROW COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2007 and 2006

ROSE WEST, CLERK



Mary Taylor, CPA

Auditor of State

Board of Trustees
Rivercliff Union Cemetery
201 East Marion Street
Mt. Gilead, Ohio 43338

We have reviewed the *Independent Auditor's Report* of the Rivercliff Union Cemetery, Morrow County, prepared by Julian & Grube, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Rivercliff Union Cemetery is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 22, 2008

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**RIVERCLIFF UNION CEMETERY
MORROW COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Board of Trustees
Rivercliff Union Cemetery
201 E. Marion Street
Mount Gilead, Ohio 43338

We have audited the accompanying financial statements of Rivercliff Union Cemetery, Morrow County, Ohio, as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of Rivercliff Union 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, Rivercliff Union Cemetery has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting Rivercliff Union Cemetery's larger (i.e. major) funds separately. While Rivercliff Union Cemetery does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Rivercliff Union Cemetery to reformat their statements. Rivercliff Union Cemetery has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Independent Auditor's Report
Rivercliff Union Cemetery
Page 2

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Rivercliff Union Cemetery as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Rivercliff Union Cemetery, Morrow County, Ohio as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

Rivercliff Union Cemetery has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2008, on our consideration of Rivercliff Union Cemetery's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
February 20, 2008

**RIVERCLIFF UNION CEMETERY
MORROW COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2007 AND 2006

<u>Cash and Cash Equivalents</u>	<u>2007</u>	<u>2006</u>
Cash and Cash Equivalents	\$ 149,080	\$ 154,560
Total Cash and Cash Equivalents	<u>\$ 149,080</u>	<u>\$ 154,560</u>
<u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 147,641	\$ 59,938
Special Revenue Funds	<u>1,439</u>	<u>1,409</u>
Total Governmental Fund Types	<u>149,080</u>	<u>61,347</u>
<u>Fiduciary Fund Type:</u>		
Private Purpose Trust Fund	<u>-</u>	<u>93,213</u>
Total Fiduciary Fund Types	<u>-</u>	<u>93,213</u>
Total Fund Balances	<u>\$ 149,080</u>	<u>\$ 154,560</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**RIVERCLIFF UNION CEMETERY
MORROW COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Private Purpose Trust	
Cash receipts:				
Intergovernmental	\$ 48,060	\$ -	\$ -	\$ 48,060
Charges for services	14,750	-	-	14,750
Sale of lots	12,870	-	-	12,870
Interest	821	30	3,033	3,884
Miscellaneous	58	-	-	58
Total cash receipts	<u>76,559</u>	<u>30</u>	<u>3,033</u>	<u>79,622</u>
Cash disbursements:				
Current:				
Salary contracts	6,503	-	-	6,503
Supplies	1,140	-	-	1,140
Contract services	44,918	-	-	44,918
Miscellaneous	15,409	-	943	16,352
Debt Service:				
Principal retirement	14,253	-	-	14,253
Interest and fiscal charges	3,071	-	-	3,071
Total cash disbursements	<u>85,294</u>	<u>-</u>	<u>943</u>	<u>86,237</u>
Total cash receipts over/(under) cash disbursements	<u>(8,735)</u>	<u>30</u>	<u>2,090</u>	<u>(6,615)</u>
Other financing receipts/(disbursements):				
Proceeds from sale of assets	1,135	-	-	1,135
Operating transfers in	95,303	-	-	95,303
Operating transfers out	-	-	(95,303)	(95,303)
Total other financing receipts/(disbursements)	<u>96,438</u>	<u>-</u>	<u>(95,303)</u>	<u>1,135</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	87,703	30	(93,213)	(5,480)
Cash fund balances, January 1, 2007	<u>59,938</u>	<u>1,409</u>	<u>93,213</u>	<u>154,560</u>
Cash fund balances, December 31, 2007	<u>\$ 147,641</u>	<u>\$ 1,439</u>	<u>\$ -</u>	<u>\$ 149,080</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**RIVERCLIFF UNION CEMETERY
MORROW COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Private Purpose Trust	
Cash receipts:					
Intergovernmental	\$ 46,576	\$ -	\$ -	\$ -	\$ 46,576
Charges for services	9,850	-	-	-	9,850
Sale of lots	2,400	-	-	-	2,400
Interest	1,160	26	-	2,275	3,461
Miscellaneous	631	-	-	-	631
Total cash receipts	<u>60,617</u>	<u>26</u>	<u>-</u>	<u>2,275</u>	<u>62,918</u>
Cash disbursements:					
Current:					
Salaries	6,418	-	-	-	6,418
Supplies and equipment	930	-	-	-	930
Contract services	44,250	-	-	-	44,250
Capital outlay	-	-	10,172	-	10,172
Miscellaneous	14,859	-	-	695	15,554
Debt Service:					
Principal retirement	13,574	-	-	-	13,574
Interest and fiscal charges	3,750	-	-	-	3,750
Total cash disbursements	<u>83,781</u>	<u>-</u>	<u>10,172</u>	<u>695</u>	<u>94,648</u>
Total cash receipts over/(under) cash disbursements	<u>(23,164)</u>	<u>26</u>	<u>(10,172)</u>	<u>1,580</u>	<u>(31,730)</u>
Other financing receipts/(disbursements):					
Proceeds from sale of fixed assets	9,450	-	-	-	9,450
Operating transfers in	-	-	-	695	695
Operating transfers out	(695)	-	-	-	(695)
Other sources	15,969	-	-	-	15,969
Other uses	-	-	(15,969)	-	(15,969)
Total other financing receipts/(disbursements)	<u>24,724</u>	<u>-</u>	<u>(15,969)</u>	<u>695</u>	<u>9,450</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	1,560	26	(26,141)	2,275	(22,280)
Cash fund balances, January 1, 2006	<u>58,378</u>	<u>1,383</u>	<u>26,141</u>	<u>90,938</u>	<u>176,840</u>
Cash fund balances, December 31, 2006	<u>\$ 59,938</u>	<u>\$ 1,409</u>	<u>\$ -</u>	<u>\$ 93,213</u>	<u>\$ 154,560</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**RIVERCLIFF UNION CEMETERY
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 1 - DESCRIPTION OF THE ENTITY

Rivercliff Union Cemetery, Morrow County, Ohio (the "Cemetery") is a body politic and corporate established for the purpose of exercising 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 trustees are council members of the Village of Mt. Gilead and one is a Gilead Township trustee. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Cemetery's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Cemetery are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Cemetery:

GOVERNMENTAL FUNDS

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.

Special Revenue (Permanent Fund)

These funds receive donations and interest bound by trust agreements to be spent on perpetual care of certain graves and the Cemetery.

The Cemetery had the following significant permanent fund:

Ewart Mausoleum fund: This fund receives interest and principal donations for the upkeep of the Mausoleum.

**RIVERCLIFF UNION CEMETERY
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Capital Project Fund

The capital project fund accounts for the financing and construction of a new administrative building on the Cemetery's grounds.

The Cemetery had the following Capital Project fund:

Building Construction - This fund received loan proceeds from Gilead Township for constructing an administrative building.

FIDUCIARY FUNDS

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Cemetery's own programs.

Private Purpose Trust Fund

The Cemetery had the following private purpose trust fund:

Mausoleum Endowment fund: This fund receives interest on principal monies endowed for the upkeep of the Mausoleum. This fund was closed by order of the Morrow County Common Pleas Probate Division on October 23, 2007.

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.

**RIVERCLIFF UNION CEMETERY
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. CASH AND CASH EQUIVALENTS

For reporting purposes, the Cemetery considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Cemetery with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Cemetery totaled \$3,884 and \$3,461 for the years ended December 31, 2007 and 2006, respectively.

D. PROPERTY, PLANT AND EQUIPMENT

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

E. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Cemetery's cash basis method of accounting.

F. INTERFUND TRANSACTIONS

During the course of normal operations, the Cemetery had a transaction between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**RIVERCLIFF UNION CEMETERY
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 3 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2007</u>	<u>2006</u>
Deposits:		
Demand deposits	\$ 23,692	\$ 21,008
Certificates of deposit	<u>125,388</u>	<u>133,552</u>
Total deposits	<u>\$ 149,080</u>	<u>\$ 154,560</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation; or (2) collateralized by the financial institutions public entity deposit pool.

NOTE 4 - DEBT OBLIGATIONS

At December 31, 2007 and 2006, debt obligations consisted of the following issuance:

<u>Description</u>	<u>Balance at 12/31/2007</u>	<u>Balance at 12/31/06</u>
2005 Gilead Township promissory note for erection of a building, due in annual installments of \$17,323 through 2010 at a rate of 5%.	<u>\$ 47,176</u>	<u>\$ 61,426</u>

Transactions for the years ended December 31, 2007 and 2006 are summarized as follows:

<u>Description</u>	<u>Balance at 12/31/2006</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at 12/31/2007</u>
<u>2007</u>				
Loan - Gilead Township	<u>\$ 61,426</u>	<u>\$ -</u>	<u>\$ 14,253</u>	<u>\$ 47,173</u>
	<u>Balance at 12/31/2005</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at 12/31/2006</u>
<u>2006</u>				
Loan - Gilead Township	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 13,574</u>	<u>\$ 61,426</u>

**RIVERCLIFF UNION CEMETERY
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 4 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the debt obligation outstanding at December 31, 2007, are as follows:

Year Ending December 31	Loan - Gilead Township		
	Principal	Interest	Total
2008	\$ 14,964	\$ 2,359	\$ 17,323
2009	15,713	1,610	17,323
2010	<u>16,496</u>	<u>824</u>	<u>17,320</u>
Total	<u>\$ 47,173</u>	<u>\$ 4,793</u>	<u>\$ 51,966</u>

NOTE 5 - INTERFUND TRANSACTIONS

The Township had the following interfund transfers for the year ended December 31, 2007:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 95,303	\$ -
<u>PRIVATE PURPOSE TRUST FUND</u>		
Mausoleum Endowment Fund	<u>-</u>	<u>95,303</u>
Total	<u>\$ 95,303</u>	<u>\$ 95,303</u>

The transfer was made in accordance with a court order from the Morrow County Court of Common Pleas Probate Division on October 23, 2007.

The Township had the following interfund transfers for the year ended December 31, 2006:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 695
<u>PRIVATE PURPOSE TRUST FUND</u>		
Mausoleum Endowment Fund	<u>695</u>	<u>-</u>
Total	<u>\$ 695</u>	<u>\$ 695</u>

The transfer was made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**RIVERCLIFF UNION CEMETERY
MORROW COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 6 - RISK MANAGEMENT

For the years ended December 31, 2007 and 2006, the Cemetery obtained commercial insurance for the following risks:

- General Liability
- Vehicles
- Property

NOTE 7 - RETIREMENT SYSTEM

The Cemetery's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. 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 2007 and 2006, OPERS employee members contributed 9.5% and 9.0%, respectively, of their gross salaries. The Cemetery contributed an amount equal to 13.85 and 13.7%, respectively, of participants' gross salaries for 2007 and 2006. The Cemetery has paid all contributions required through December 31, 2007.

NOTE 8 - CONTINGENT LIABILITY

LITIGATION

The Cemetery is currently not involved in litigation.

NOTE 9 - OTHER FINANCING SOURCES AND USES

During 2006, the Cemetery's capital project fund reimbursed the general fund \$15,969 for expenses paid by the general fund in 2005 related to the construction of a cemetery building.



Julian & Grube, Inc.
Serving Ohio Local Governments

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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Trustees
Rivercliff Union Cemetery
201 E. Marion Street
Mount Gilead, Ohio 43338

We have audited the financial statements of Rivercliff Union Cemetery, Morrow County, Ohio, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated February 20, 2008, wherein we noted Rivercliff Union Cemetery followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rivercliff Union Cemetery's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rivercliff Union Cemetery's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Rivercliff Union Cemetery's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Rivercliff Union Cemetery's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of Rivercliff Union Cemetery's financial statements that is more than inconsequential will not be prevented or detected by Rivercliff Union Cemetery internal control. We consider 2007-RUC-002 a deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

Board of Trustees
Rivercliff Union Cemetery

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Rivercliff Union Cemetery's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that area also considered to be material weaknesses. However, the significant deficiency described above, we consider item 2007-RUC-002 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rivercliff Union Cemetery's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2007-RUC-001.

We noted certain matters that we reported to the management of Rivercliff Union Cemetery in a separate letter dated February 20, 2008.

Rivercliff Union Cemetery's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Rivercliff Union Cemetery's responses and, accordingly, we express no opinion on them.

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



Julian & Grube, Inc.
February 20, 2008

**RIVERCLIFF UNION CEMETERY
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2007-RUC-001

Ohio Revised Code Sections 135.21, 135.351 and 5705.10 maintain various requirements regarding the allocation of interest among funds. As a general rule, interest earned must be credited to the general fund of the subdivision with some exceptions; including, but not limited to, interest derived from a private purpose trust fund or permanent fund must follow the principal or the terms and conditions contained in the will or bequest.

For the years ended December 31, 2007 and 2006 the Cemetery did not allocate interest earned to the private purpose trust and permanent funds as required. In addition, the Cemetery did not record all interest earned in the year it was received. Audited financial statements were adjusted to properly record interest earned in the financial statements and to allocate to the required funds.

The Cemetery is not accurately reflecting its various fund balances and cash balances by not allocating interest earnings to the required funds and recording interest when receipted.

We recommend that the Cemetery properly record interest earnings in the required funds according to the requirements above. The amount of the allocation should be calculated and documented on a monthly basis by a method prescribed by the Auditor of State's office.

Client Response: The UAN system was not initially set up properly to allocate the interest upon receipted interest. The UAN system has been modified to properly allocate interest.

Finding Number	2007-RUC-002
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Significant Deficiency/Material Weakness

Based upon results of observations made during our audit, we noted the Cemetery had receipts and disbursements that were posted incorrectly in accordance with the Uniform Accounting Numbering (UAN) handbook and the Ohio Revised Code.

In general, an accounting and information system should be designed to provide management with accurate and timely financial information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

The following adjustments were necessary to properly state the Cemetery's financial statements:

2007

- A. Real Estate Taxes received from Mount Gilead Township in the general fund in the amount of \$48,060 were originally recorded in Property Tax receipts; \$48,060 was reclassified to Intergovernmental receipts in accordance with the UAN handbook.

**RIVERCLIFF CEMETERY
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2007-RUC-002 - (Continued)

- B. Sale of Cemetery Lots and Sale of Capital Assets in the amounts of \$12,870 and \$1,135 respectively was recorded in miscellaneous revenue, the items were reclassified on the audited financial statements to properly reflect these line items.
- C. Debt payments in the amount of \$17,324 were improperly recorded in the principal retirement, instead of being broke down between principal and interest payments. The audited financial statements were adjusted to properly reflect these line items.
- D. An audit adjustment in the amount of \$95,303 was necessary to transfer the private purpose trust fund money to the General fund in accordance with a court order.

2006

- A. The Cemetery's beginning balances were not in agreement with the 2005 ending audited balances. There were fund balance adjustments made to the cemeteries general fund, permanent and private purpose trust funds for proper presentation in the audited financial statements.
- B. Real Estate Taxes received from Mount Gilead Township in the general fund in the amount of \$41,228 were originally recorded in Property Tax receipts; \$41,228 was reclassified to Intergovernmental receipts in accordance with the UAN handbook.
- C. Sale of Cemetery Lots in the amount of \$2,400 was recorded in miscellaneous revenue, the item was reclassified on the audited financial statements to properly reflect this line item.
- D. Debt payments in the amount of \$17,324 were improperly recorded in the principal retirement, instead of being broke down between principal and interest payments. The audited financial statements were adjusted to properly reflect these line items.
- E. A transfer into the General Fund and a transfer out of the Capital Projects Fund in the amount of \$15,969 were recorded in error on the client's financial statements. This transfer in and out was reclassified to other financing sources in the General Fund and other financial uses in the General Fund.

**RIVERCLIFF CEMETERY
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2007-RUC-002 - (Continued)

We strongly suggest that the Cemetery seriously consider creating an accounting and information environment that will facilitate the production of accurate financial information and related preparation of financial statements and provide for accountability of assets and the maintenance of an accurate historical record of operations. Accounting and financial information is the language of business and must be properly assessed and comprehended to allow for management to guide and direct the Cemetery in the future.

Client Response: The Cemetery's Clerk will begin to consult the UAN handbook when in doubt about the proper classification of revenues and expenditures.



Mary Taylor, CPA
Auditor of State

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
JUNE 5, 2008**