



**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008



Mary Taylor, CPA
Auditor of State

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

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Mary Taylor, CPA

Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 3, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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, 2008 and 2007. 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 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 1, the 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 fund the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Cemetery's larger (i.e. major) funds separately. While the 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 cemeteries to reformat their statements. The 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.

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, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Cemetery as of December 31, 2008 and 2007, 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 fund cash balance of Edon Union Cemetery District, Williams County, as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The 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 April 3, 2009, 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 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.



Mary Taylor, CPA
Auditor of State

April 3, 2009

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	General Fund	
	2008	2007
Cash Receipts:		
Local Taxes	\$17,000	\$15,834
Intergovernmental	5,985	4,498
Charges for Services	2,475	1,400
Sale of Lots	1,170	560
Interest	403	1,243
Miscellaneous	52	216
	27,085	23,751
Cash Disbursements:		
Current:		
Salaries	5,753	5,280
Supplies and Materials	21,232	3,861
Grave Opening/Closing Expenses	2,625	1,475
County Auditor Fees	1,252	389
Contract Services	517	3,197
Workers' Compensation	311	386
	31,690	14,588
Total Cash Receipts Over/(Under) Cash Disbursements	(4,605)	9,163
Other Financing Receipts:		
Sale of Fixed Assets	2,580	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(2,025)	9,163
Fund Cash Balance, January 1	55,268	46,105
Fund Cash Balance, December 31	\$53,243	\$55,268

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, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Edon Union Cemetery District, Williams County, (the Cemetery) as a body corporate and politic. The Village of Edon and Florence Township appoint a three-member Board of Trustees to direct cemetery operations. 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Cemetery includes investments as assets. The Cemetery does not report purchases of investments as disbursements or investment sales as receipts. The Cemetery recognizes gains or losses at the time of sale as receipts or disbursements, respectively.

The Cemetery records certificates of deposit at cost.

D. Fund Accounting

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

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 the Board to budget each fund annually.

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object 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.

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 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The financial statements report acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The financial statements do not report these items as assets.

2. DEPOSITS

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$50,143	\$52,168
Certificates of deposit	3,100	3,100
Total deposits	<u>\$53,243</u>	<u>\$55,268</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$21,000	\$29,665	\$8,665

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,168	\$31,690	\$41,478

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$20,000	\$23,751	\$3,751

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,005	\$14,588	\$48,417

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. The State pays Homestead and rollback amounts, reported 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.

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. RETIREMENT SYSTEM

The Cemetery's employees 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 the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. In 2007, the Cemetery's OPERS members contributed 9.5 percent of their gross salaries. The Cemetery contributed an amount equal to 13.85 percent of participants' gross salaries. In 2008, the Cemetery's OPERS members contributed 10.0 percent of their gross salaries. The Cemetery contributed an amount equal to 14.0 percent of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2008.

6. RISK MANAGEMENT

Commercial Insurance

The Cemetery has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the Edon Union Cemetery District, Williams County (the Cemetery) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 3, 2009, wherein we noted the Cemetery prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Cemetery's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the 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 the Cemetery's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-002 and 2008-003 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Cemetery's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiencies described above are not material weaknesses.

We also noted certain internal control matters that we reported to the Cemetery's management in a separate letter dated April 3, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Cemetery's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance not requiring inclusion in this report that we reported to the Cemetery's management in a separate letter dated April 3, 2009.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

April 3, 2009

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Revised Code § 5705.41 (D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- A. "Then and Now" certificate** - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that she is completing the certification ("now"), that 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 a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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.

- B. Blanket Certificate** – Fiscal officers may prepare "blanket certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three month or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any particular line item appropriation.
- C. Super Blanket Certificate** – The taxing authority may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year (or quarterly spending plan for counties). More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

None of the transactions tested were certified by the Clerk-Treasurer at the time the commitment was incurred and there was no evidence that the Cemetery followed the aforementioned exceptions for these transactions. Failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

**FINDING NUMBER 2008-001
(Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the taxing authority's funds exceeding budgetary spending limitations, we recommend the Clerk-Treasurer certify that the funds are or will be available prior to obligation by the taxing authority. When prior certification is not possible, "then and now" certification should be used.

FINDING NUMBER 2008-002

Significant Deficiency - 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-Treasurer 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 that may significantly affect the accumulation of revenues and expenditures and ultimately misstate cash fund balances.

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

- Review the Clerk-Treasurer's reconciliation of the bank statement and investments with the cashbook balance to ensure the amounts correspond and 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 the prior month's reconciling items, such as deposits-in-transit and outstanding checks, were accurately posted.
- Verify monthly and year-to-date totals are being maintained in the cashbook, receipt journal and appropriation journal, and they are in agreement.
- Review billings from retirement systems, payroll withholdings, insurance utilities, etc., to ensure 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.

FINDING NUMBER 2008-003

Significant Deficiency - Financial Reporting

As a result of the audit procedures performed, the following errors were noted in the financial statements that required material audit adjustments.

Homestead and Rollback Tax revenue and Tangible Personal Property Tax Loss Reimbursement revenue received from the Auditor of State's Office were recorded as tax revenue instead of intergovernmental revenue. These amounts totaled \$4,498 and \$5,986 for 2007 and 2008, respectively.

Sound financial reporting is the responsibility of the Clerk-Treasurer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Cemetery's financial statements and notes to the statements are complete and accurate, the Cemetery should adopt policies and procedures, including a final review of the statements and notes by the Clerk-Treasurer and Board of Trustees, to identify and correct errors and omissions. The Clerk-Treasurer should also review the Township Handbook's chart of accounts to ensure all accounts are being properly posted to the financial statements.

Officials' Response

We did not receive a response from Officials to the findings reported above.

**EDON UNION CEMETERY DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Revised Code § 5705.41 (D) Failure to certify funds	No	Not Corrected. Repeated as finding number 2008 – 001 in this report
2006-002	Improve Monitoring of Financial Activity	No	Not Corrected. Repeated as finding number 2008 – 002 in this report
2006-003	Financial Reporting for Audit Adjustments	No	Partially Corrected. Repeated as finding number 2008 – 003 in this report



Mary Taylor, CPA
Auditor of State

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 19, 2009**