

Salem Township Union Cemetery

Financial Condition

As of

December 31, 2008 and 2009

Together with Auditor's Report



Mary Taylor, CPA

Auditor of State

Board of Trustees
Salem Township Union Cemetery
12371 SR 36
Port Washington, Ohio 43837

We have reviewed the *Report of Independent Accountants* of the Salem Township Union Cemetery, Tuscarawas County, prepared by Kevin L. Penn, Inc., for the audit period January 1, 2008 through December 31, 2009. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 Salem Township Union Cemetery is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

August 2, 2010

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SALEM TOWNSHIP UNION CEMETERY

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustee
Salem Township Union Cemetery
Port Washington, Ohio

I have audited the accompanying financial statements of the Salem Township Union Cemetery (the Cemetery), as of and for the year ended December 31, 2008 and 2009. These financial statements are the responsibility of the Cemetery's management. My responsibility is to express an opinion on these financial statements based on my audit.

I 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed 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. Although I cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, I presume they are material.

Revisions to GAAP would require the Cemetery to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2008 and 2009. Instead of the combined funds the accompanying financial statements present for 2008 and 2009, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2008 and 2009. While the Cemetery does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Cemetery has elected not to reformat its statements. Since the Cemetery does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. My opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In my opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above 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 2009, or its changes in financial position for the year then ended.

Also, in my opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Salem Township Union Cemetery, Port Washington, Ohio, as of December 31, 2008 and 2009 and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Cemetery to include Management's Discussion and Analysis for the year ended December 31, 2008 and 2009. 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, I have also issued my report dated May 21, 2010, on my consideration of the Cemetery's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal controls over financial reporting and compliance and the results of testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards. You should read it in conjunction with this report in assessing the results of my audit.

Kevin L. Penn, Inc.

May 21, 2010

Salem Township Union Cemetery
 Tuscarawas County
 Statement of Cash, Investments and
 Fund Cash Balances - Governmental Fund Type -
 General Fund
 December 31, 2008 and 2009

Assets	<u>2008</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 13,050	\$ 13,024
Investments	<u>6,600</u>	<u>6,600</u>
Total Assets	<u>\$ 19,650</u>	<u>\$ 19,624</u>
Fund Cash Balance		
Unreserved:		
General Fund	<u>\$ 19,650</u>	<u>\$ 19,624</u>
Total Fund Cash Balance	<u>\$ 19,650</u>	<u>\$ 19,624</u>

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

Salem Township Union Cemetery		
Tuscarawas County		
Statement of Cash Receipts, Disbursements and		
Changes in Fund Cash Balances - General Fund		
For the Years Ended December 31, 2008 and 2009		
	2008	2009
Cash Receipts:		
Lot Sales	\$ 250	\$ 525
Interments	4,775	3,700
Interest	227	231
Intergovernmental	8,116	8,408
Other Revenue	6	13
Total Cash Receipts	13,374	12,877
Cash Disbursements:		
Current:		
Personal Services	9,170	9,315
Materials and Supplies	1,201	794
Other	3,864	2,794
Total Cash Disbursements	14,235	12,903
Excess of Receipts Over/(Under) Expenditures	(861)	(26)
Fund Cash Balance - January 1	20,511	19,650
Fund Cash Balance - December 31	\$ 19,650	\$ 19,624
The notes to the financial statements are an integral part of this statement.		

SALEM TOWNSHIP UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Salem Township Union 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 Salem Township Union Cemetery is a public cemetery as defined by Section 517.01 of the Ohio Revised Code. The Cemetery operates under an elected Board of Trustees (3 members) and is responsible for the provision of land for cemetery purposes to residents of the Township.

Management believes the financial statements included in this report represent all of the funds of the Cemetery over which the Cemetery has the ability to exercise direct operating control.

B. REPORTING ENTITY

In evaluating how to define the Cemetery for financial reporting purposes, management has considered all agencies, departments and organizations making up the Salem Township Union Cemetery (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Cemetery, as the primary government, is financially accountable. The Cemetery is financially accountable for an organization if the Cemetery appoints a voting majority of the organization's governing board and 1) the Cemetery is able to significantly influence the programs or services performed or provided by the organization; or 2) the Cemetery is legally entitled to or can otherwise access the organizations resources; the Cemetery is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Cemetery is obligated for the debt of the organization. Component units may also included organizations for which the Cemetery approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Cemetery has determined that there were no component units required to be included the financial statements.

C. BASIS OF ACCOUNTING

The financial statements follow the basis of accounting prescribed by the Auditor of State, which is similar to the cash receipts and disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred. The Cemetery is not required to follow budgetary laws subject to § 5705. However, the Cemetery has passed an appropriation measure.

SALEM TOWNSHIP UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

C. BASIS OF ACCOUNTING (continued)

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

D. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are all certificates of deposits valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

E. FUND ACCOUNTING

The Cemetery maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Cemetery. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

F. BUDGETARY PROCESS

The Cemetery has passed an appropriation measure.

G. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment acquired or constructed for general government service are recorded as expenditures. Depreciation is not recorded for property, plant, and equipment.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Cemetery maintains a cash and investment pool. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances, Governmental Fund Type - (General Fund), As of December 31, 2008 and 2009."

SALEM TOWNSHIP UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2009

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (continued)

Legal Requirements

State statutes classify monies held by the Cemetery into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Township Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

SALEM TOWNSHIP UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2009

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)

The Cemetery may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the Cemetery.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Cemetery, and be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Cemetery's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year end, the carrying amount of the Cemetery's deposits were \$19,650 in 2008 and \$19,624 in 2009 and the bank balance was \$20,128 in 2008 and \$21,101 in 2009. Of the bank balance, all was covered by federal depository insurance in 2008 and 2009.

Investments: GASB Statement No.3 "Deposits with Financial Institutions, investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and market value of investments classified by risk. Category 1 included investments that are insured or registered for which the securities are held in the counter party's trust department or agent in the Cemetery's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the Cemetery's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the Cemetery's name. At December 31, 2008 and 2009, the Cemetery held no investments that would be classified as investments under GASB Statement No.3.

SALEM TOWNSHIP UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2009

EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9 entitled "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the financial statements and classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposit</u>	<u>Investments</u>
<u>2008:</u>		
GASB Statement 9	\$13,050	\$ 6,600
Investments:		
Certificate of Deposit with a maturity of more than 90 days	<u>6,600</u>	<u>(6,600)</u>
GASB Statement 3	<u>\$19,650</u>	<u>\$ 0</u>
 <u>2009:</u>		
GASB Statement 9	\$13,024	\$ 6,600
Investments:		
Certificate of Deposit with a maturity of more than 90 days	<u>6,600</u>	<u>(6,600)</u>
GASB Statement 3	<u>\$19,624</u>	<u>\$ 0</u>

3. RISK MANAGEMENT

The Cemetery is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal years 2008 and 2009, the Cemetery contracted with one insurance company for coverage of buildings and contents.

SALEM TOWNSHIP UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2009

3. RISK MANAGEMENT (continued)

The following is a list of insurance coverage of the Cemetery and the deductibles associated with each:

<u>Type of Coverage</u>	<u>Limit</u>	<u>Deductible</u>
Building	\$ 2,000	\$ 100
Business Personal Property	1,500	100
Commercial General Liability:		
Each Occurrence	300,000	-
Products-Completed Operations	600,000	-
Personal and Advertising Injury	300,000	-
Willhorse Mower	4,700	100
Miscellaneous Equipment	1,000	100
Employee Dishonest Liability	10,000	100

Settled claims have not exceeded commercial coverage in the past three years. Also, there have been no significant reductions in coverage during the past year.

All employees of the Cemetery are covered by a blanket bond, while certain individuals in policy making roles are covered by a separate, higher limit bond coverage.

The Cemetery pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

4. PENSION PLAN

Ohio Public Employees Retirement System

All Cemetery full-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP) - a cost-sharing multiple-employer defined benefit pension plan;
- The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings;
- The Combined Plan (CO) - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

SALEM TOWNSHIP UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2009

4. PENSION PLAN (continued)

Ohio Public Employees Retirement System

PERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Cemetery to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory Cemetery for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10.00 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Cemetery was 14.00 percent of covered payroll. The Cemetery's required contributions to OPERS for the years ended December 31, 2009, 2008, and 2007 were \$842, \$838, and \$1,051, respectively.

5. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available with both the Traditional and the Combined Plan; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory Cemetery for employer contributions. The 2009 employer contribution rate was 14.00 percent of covered payroll, 7 percent from January to March and 5.5 percent for the remainder of the year was the portion that was used to fund health care for 2009.

SALEM TOWNSHIP UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2009

5. POST-EMPLOYMENT BENEFITS (continued)

Ohio Public Employees Retirement System

Benefits are advance-funded using the entry age normal actuarial cost method of valuation. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

At December 31, 2008, the number of active contributing participants in the Traditional Pension and Combined Plans totaled 369,885. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2008 (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2008 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2009. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

6. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

SALEM TOWNSHIP UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2009

7. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2009 follows:

2009 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type:	Receipts	Receipts	Variance
General	\$ 19,728	\$ 12,877	\$ (6,851)
Total	\$ 19,728	\$ 12,877	\$ (6,851)
2009 Budgeted vs Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type:	Cemetery	Expenditures	Variance
General	\$ 18,540	\$ 12,903	\$ 5,637
Total	\$ 18,540	\$ 12,903	\$ 5,637
2008 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type:	Receipts	Receipts	Variance
General	\$ 21,213	\$ 13,374	\$ (7,839)
Total	\$ 21,213	\$ 13,374	\$ (7,839)
2008 Budgeted vs Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type:	Cemetery	Expenditures	Variance
General	\$ 18,500	\$ 14,235	\$ 4,265
Total	\$ 18,500	\$ 14,235	\$ 4,265



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

To the Board of Trustee
Salem Township Union Cemetery
Port Washington, Ohio

I have audited the financial statements of Salem Township Union Cemetery as of and for the years ended December 31, 2008 and 2009, and have issued my report thereon dated May 21, 2010. I conducted my audit in accordance with generally accepted auditing standards 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. My report on the financial statements disclosed that, as described in Note 1 to the financial statements, the Cemetery prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of Ohio, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Salem Township Union Cemetery's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Salem Township Union Cemetery's 's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I reported to management of Salem Township Union Cemetery in a separate letter dated May 21, 2010.

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

Kevin L. Penn, Inc.

May 21, 2010

SALEM TOWNSHIP UNION CEMETERY
Schedule of Prior Audit Findings
December 31, 2008 and 2009

There were no audit findings, during the 2007 and 2006 fiscal year.



Mary Taylor, CPA
Auditor of State

SALEM TOWNSHIP UNION CEMETERY

TUSCARAWAS 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
AUGUST 17, 2010**