



Dave Yost • Auditor of State

**CADIZ UNION CEMETERY
HARRISON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Cadiz Union Cemetery
Harrison County
P.O. Box 133
Cadiz, Ohio 43907

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Cadiz Union Cemetery, Harrison County, Ohio (the Cemetery), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Cemetery's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Cemetery's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Cemetery prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Cemetery as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Cadiz Union Cemetery, Harrison County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cemetery's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 19, 2014

**CADIZ UNION CEMETERY
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Permanent</u>	
Cash Receipts:			
Charges for Services	\$3,226		\$3,226
Licenses, Permits and Fees	10,978		10,978
Intergovernmental	144,269		144,269
Earnings on Investments	67	\$6	73
Miscellaneous	67,688		67,688
	<hr/>		<hr/>
Total Cash Receipts	226,228	6	226,234
	<hr/>		<hr/>
Cash Disbursements:			
Current Disbursements:			
General Government	129,704		129,704
Capital Outlay	1,284		1,284
	<hr/>		<hr/>
Total Cash Disbursements	130,988	0	130,988
	<hr/>		<hr/>
Excess Cash Receipts Over Cash Disbursements	95,240	6	95,246
	<hr/>		<hr/>
Fund Cash Balances, January 1	180,035	14,814	194,849
	<hr/>		<hr/>
Fund Cash Balances, December 31			
Nonspendable		12,658	12,658
Restricted		2,162	2,162
Unassigned (Deficit)	275,275		275,275
	<hr/>		<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$275,275</u>	<u>\$14,820</u>	<u>\$290,095</u>

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

**CADIZ UNION CEMETERY
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Permanent</u>	
Cash Receipts:			
Charges for Services	\$1,746		\$1,746
Licenses, Permits and Fees	14,238		14,238
Intergovernmental	152,950		152,950
Earnings on Investments	122	\$11	133
Miscellaneous	15,180		15,180
	<hr/>		<hr/>
Total Cash Receipts	184,236	11	184,247
	<hr/>		<hr/>
Cash Disbursements:			
Current Disbursements:			
General Government	130,096		130,096
Capital Outlay	35,889		35,889
	<hr/>		<hr/>
Total Cash Disbursements	165,985	0	165,985
	<hr/>		<hr/>
Excess Cash Receipts Over Cash Disbursements	18,251	11	18,262
	<hr/>		<hr/>
Fund Cash Balances, January 1	161,784	14,803	176,587
	<hr/>		<hr/>
Fund Cash Balances, December 31			
Nonspendable		12,658	12,658
Restricted		2,156	2,156
Unassigned (Deficit)	180,035		180,035
	<hr/>		<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$180,035</u>	<u>\$14,814</u>	<u>\$194,849</u>

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

**CADIZ UNION CEMETERY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Cadiz Union Cemetery, Harrison County, Ohio (the Cemetery). The Village of Cadiz and Cadiz Township appoint a three-member Board of Trustees to direct cemetery operations. Cadiz Township levies a property tax on behalf of the Cemetery to meet the Cemetery's operating costs under the agreement which established the Cemetery. The proceeds of this levy are received by Cadiz Township and remitted to the Cemetery; therefore, the accompanying financial statements classify these levy payments as Intergovernmental Receipts. 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 accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits and Investments

The Cemetery's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Cemetery uses fund accounting to segregate cash and investments that are restricted as to use. The Cemetery classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**CADIZ UNION CEMETERY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Cemetery had the following significant Permanent Fund:

Permanent Fund - These funds receive interest on the nonexpendable corpus from a bequest. These earnings are used for the general maintenance and upkeep of the cemetery.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Cemetery must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Cemetery classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Cemetery must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Cemetery Trustees or a Cemetery official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**CADIZ UNION CEMETERY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

The Cemetery applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Property, Plant, and Equipment

The Cemetery records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	<u>2013</u>	<u>2012</u>
Demand deposits	\$87,860	\$3,086
STAR Ohio	202,235	191,763
Total deposits and investments	<u>\$290,095</u>	<u>\$194,849</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. Retirement System

The Cemetery's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Cemetery contributed an amount equaling 14% of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2013.

**CADIZ UNION CEMETERY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Risk Management

Commercial Insurance

The Cemetery has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles.

The Cemetery carries bond insurance coverage on the Cemetery Sexton and Clerk.

The Cemetery also provides health insurance coverage to full-time employees through a private carrier.



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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

Cadiz Union Cemetery
Harrison County
P.O. Box 133
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Cadiz Union Cemetery, Harrison County, Ohio (the Cemetery), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated November 19, 2014, wherein we noted the Cemetery followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Cemetery's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Cemetery's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Cemetery's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying Schedule of Findings to be a material weakness.

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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Cemetery's Response to Finding

The Cemetery's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Cemetery's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Cemetery's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Cemetery's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

November 19, 2014

**CADIZ UNION CEMETERY
HARRISON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Uniform Accounting Network (UAN) software utilized by the Cemetery provides separate account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example).

Also, the UAN Accounting and General Manual (revised December 2013) provides five suggested fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

Using these classifications properly and the aforementioned accounting records will provide the Cemetery with more accurate information to prepare annual reports in the format required by the Auditor of State.

The Cemetery did not always record receipts and fund balances into accurate classifications as noted below:

Fund	Account Type	Amount	Description
2013			
General	Intergovernmental Revenue	\$144,269	Payments from Cadiz Township misclassified as Property Taxes.
Permanent	Non-spendable Fund Balance	\$12,658	Fund Balance misclassified as Restricted Fund Balance.
2012			
General	Intergovernmental Revenue	\$142,889	Payments from Cadiz Township misclassified as Property Taxes
Permanent	Restricted Fund Balance	\$2,156	Fund Balance misclassified as Non-spendable Fund Balance

The adjustments with which the Cemetery officials' agree are reflected within the accompanying financial statements.

We recommend the Cemetery utilize available authoritative resources to appropriately classify and record all receipt transactions and fund balances.

Official's response: Management intends to have this issue corrected prior to the end of 2014.

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CADIZ UNION CEMETERY

HARRISON 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
DECEMBER 23, 2014**