

GREENLAWN UNION CEMETERY

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2002 & 2003

Charles E. Harris and Associates, Inc.
Certified Public Accountants



**Auditor of State
Betty Montgomery**

Board of Trustees
Greenlawn Union Cemetery
920 State Route 39
Perryville, Ohio 44864-9540

We have reviewed the Independent Auditor's Report of the Greenlawn Union Cemetery, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2002 to December 31, 2003. 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.

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 Greenlawn Union Cemetery is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 22, 2004

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GREENLAWN UNION CEMETERY
Audit Report
For the Years Ended December 31, 2002 & 2003

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GREENLAWN UNION CEMETERY
Audit Report
For the Years Ended December 31, 2002 & 2003

<u>ELECTED OFFICIALS</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>
Glenn F. Atkinson	President	1/1/03 to 12/31/05	N/A
William D. Herman Jr.	Vise President	1/1/03 to 12/31/04	N/A
Lawrence M. Spreng	Board Member	1/1/03 to 12/31/03	N/A
Sally E. Spreng	Clerk	1/1/03 to 12/31/03	(A)

Greenlawn Union Cemetery
920 State Route 39
Perrysville, Oh 44864-9540

(A) Bernhard & Perrone Insurance Agency, Inc

STATUTORY LEGAL COUNSEL

Robert P. Desanto, Attorney
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Ashland, Ohio 44805

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Certified Public Accountants

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REPORT OF INDEPENDENT ACCOUNTANTS

**Board of Trustees
Greenlawn Union Cemetery
Perrysville, Ohio**

We have audited the accompanying financial statements of the Greenlawn Union Cemetery (the Cemetery), as of and for the years ended December 31, 2002 & 2003, as listed in the table of contents. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Cemetery prepares its financial statements on a basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash, investments and fund cash balances of the Cemetery as of December 31, 2002 & 2003 and the receipts, disbursements, and changes in fund balances for the year then ended in conformity with accounting principles stated in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2004 on our consideration of the Cemetery's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
June 22, 2004

GREENLAWN UNION CEMETERY
Ashland County

Combined Statement of Cash, Investments and Fund
Cash Balances - Governmental Fund Type - (General Fund)
For the Years Ended December 31, 2002 and 2003

	2002 Balance	2003 Balance
Cash and Cash Equivalents	\$ 15,127	\$ 15,877
Investments	<u>128,410</u>	<u>136,666</u>
Total	<u>\$ 143,537</u>	<u>\$ 152,543</u>

Cash Balances by Fund Class

Governmental Fund Types:

General Fund	\$ <u>143,537</u>	\$ <u>152,543</u>
Total	<u>\$ 143,537</u>	<u>\$ 152,543</u>

See accompanying Notes to the Financial Statements.

GREENLAWN UNION CEMETERY
Ashland County

Combined Statement of Receipts, Expenditures and
Changes in Fund Cash Balances, Governmental Fund Type -
(General Fund)

For the Years Ended December 31, 2002 and 2003

	2002	2003
Receipts:		
Local Taxes	\$ 20,600	\$ 20,670
Opening and Closing Graves	15,860	22,745
Foundations	11,691	8,016
Deed Transfers	70	20
Interest	4,409	2,782
Miscellaneous	2,817	1,479
 Total Receipts	 55,447	 55,712
Expenditures:		
Salaries and Benefits	16,624	17,822
Contracts	13,574	15,003
Supplies	1,267	1,757
Repairs	945	1,054
Utilities	832	868
Insurance	1,053	1,118
Improvement	679	1,162
Tools	7,184	7,556
Miscellaneous	4,053	366
 Total Expenditures	 46,211	 46,706
 Excess of Receipts Over/(Under) Expenditures	 9,236	 9,006
 Fund Cash Balances - January 1	 134,301	 143,537
 Fund Cash Balances - December 31	 \$ 143,537	 \$ 152,543

See accompanying Notes to the Financial Statements.

GREENLAWN UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2002 & 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Greenlawn 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 Greenlawn 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 Village of Perrysville and GreenTownship.

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 Greenlawn 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 organization's 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 include 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.

GREENLAWN UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2002 & 2003

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**

Union cemeteries are not required to follow budgetary regulations under the Ohio Revised Code.

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, 2002 & 2003."

GREENLAWN UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2002 & 2003

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 Cemetery 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);

GREENLAWN UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2002 & 2003

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 \$ 143,537 in 2002 and \$152,543 in 2003 and the bank balance was \$143,537 in 2002 and \$152,543 in 2003. Of the bank balance :

1. \$100,000 was covered by federal depository insurance in each year;
2. \$43,537 of the balance in 2002 and \$ 52,543 of the balance in 2003 were uninsured, but collateralized by securities pooled by the depository not in the Cemetery's name. As with all deposits, there is a risk of loss of resources, but management believes this collateral gives the Cemetery its safest deposit of money.

GREENLAWN UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2002 & 2003

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

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, 2002 and 2003, the Cemetery held no investments that would be classified as investments under GASB Statement No.3.

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 2002 and 2003, the Cemetery contracted with one insurance company for coverage of buildings and contents as well as other miscellaneous equipment.

The Cemetery has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public official’s liability
- Personal & Advertising Injury
- Miscellaneous Equipment

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 District 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.

GREENLAWN UNION CEMETERY
Notes to the Financial Statements
For the Years Ended December 31, 2002 & 2003

4. RETIREMENT SYSTEMS

The employees of the Cemetery are covered by the Ohio Public Employees Retirement System (OPERS), a cost sharing multiple-employer public employee retirement system administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary and the Cemetery is required to contribute 13.55 percent. The contribution rates are determined actuarially. The Cemetery's required contributions to OPERS for the years ended December 31, 2003, 2002 and 2001 were \$ 2,039, \$ 1,916 and \$ 1,935; respectively, which equals the required contributions for those years.

5. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Board of Trustees
Greenlawn Union Cemetery
Perrysville, Ohio**

We have audited the financial statements of the Greenlawn Union Cemetery, (the Cemetery) as of and for the year ended December 31, 2002 & 2003, and have issued our report thereon dated June 22, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Cemetery's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated June 22, 2004.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Charles E. Harris & Associates, Inc.
June 22, 2004

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 2000 and 2001, did not include any material citations or recommendations.



**Auditor of State
Betty Montgomery**

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GREENLAWN UNION CEMETERY

ASHLAND 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 5, 2004**