

**SPRINGDALE CEMETERY
MANAGEMENT AUTHORITY**
Peoria, Illinois

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**
December 31, 2010 and 2009



**Clifton
Gunderson LLP**
Certified Public Accountants & Consultants

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY

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Independent Auditor's Report

Springdale Cemetery Management Authority
Peoria, Illinois

We have audited the accompanying basic financial statements of the Springdale Cemetery Management Authority (Authority) as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Springdale Historic Preservation Foundation, component unit of the Authority, as of and for the years ended December 31, 2010 and 2009. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to amounts included for the Foundation, is based on the reports of the other auditor.

We conducted our audits 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. The financial statements of the Springdale Historic Preservation Foundation were not audited in accordance with *Government Auditing Standards*. 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 audits and the report of the other auditor provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Springdale Cemetery Management Authority, and of its discretely presented component unit, Springdale Historic Preservation Foundation, as of December 31, 2010 and 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 8, 2011 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Springdale Cemetery Management Authority has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information included on pages 21 - 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Henderson LLP

Peoria, Illinois
June 8, 2011

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
STATEMENTS OF NET ASSETS
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 102,980	\$ 112,621
Cash - held on behalf of pre-need services	78,709	6,639
Short-term accounts receivable, net	17,071	81,968
Government subsidies receivable - operating	459,986	343,456
Government subsidies receivable - City of Peoria		
Capital Plan	35,535	897
Inventory	<u>33,550</u>	<u>37,850</u>
Total current assets	<u>727,831</u>	<u>583,431</u>
NONCURRENT ASSETS		
Long-term accounts receivable, net	3,256	25,253
Investments and certificates of deposit	<u>251,410</u>	<u>304,952</u>
	<u>254,666</u>	<u>330,205</u>
Assets not depreciated:		
Construction in progress	4,100	-
Land	65,604	65,604
Assets depreciated:		
Capital assets	2,120,711	2,142,955
Less accumulated depreciation	<u>(656,024)</u>	<u>(568,381)</u>
Capital assets, net	<u>1,534,391</u>	<u>1,640,178</u>
Total noncurrent assets	<u>1,789,057</u>	<u>1,970,383</u>
TOTAL ASSETS	<u>\$ 2,516,888</u>	<u>\$ 2,553,814</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 24,376	\$ 12,818
Accrued liabilities	7,583	7,662
Unearned revenue - MRP Grant	-	4,029
Unearned revenue - City of Peoria Capital Plan	33,935	897
Unearned revenue - pre-need services	<u>237,100</u>	<u>222,270</u>
Total current liabilities	<u>302,994</u>	<u>247,676</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,534,391	1,640,178
Restricted - nonexpendable	208,112	208,112
Restricted - expendable	43,298	51,013
Unrestricted	<u>428,093</u>	<u>406,835</u>
Total net assets	<u>2,213,894</u>	<u>2,306,138</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,516,888</u>	<u>\$ 2,553,814</u>

The accompanying notes are an integral part of the financial statements.

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Charges for services	\$ 173,160	\$ 329,237
Miscellaneous	<u>4,148</u>	<u>1,681</u>
Total operating revenues	177,308	330,918
OPERATING EXPENSES	<u>768,126</u>	<u>885,346</u>
Operating loss	<u>(590,818)</u>	<u>(554,428)</u>
NONOPERATING REVENUES (EXPENSES)		
Contributions and subsidies	462,113	408,277
Interest income	3,051	3,133
Loss on disposal of capital assets	(4,046)	(707)
Unrealized gain on restricted investments	<u>-</u>	<u>(1,335)</u>
Total net nonoperating revenues	<u>461,118</u>	<u>409,368</u>
Loss before capital contributions	(129,700)	(145,060)
CAPITAL GRANTS AND CONTRIBUTIONS	<u>37,456</u>	<u>147,745</u>
Change in net assets	(92,244)	2,685
NET ASSETS		
Beginning of year	<u>2,306,138</u>	<u>2,303,453</u>
End of year	<u><u>\$ 2,213,894</u></u>	<u><u>\$ 2,306,138</u></u>

The accompanying notes are an integral part of the financial statements.

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from charges for services	\$ 274,884	\$ 402,625
Other receipts	4,148	1,681
Payments to suppliers	(275,062)	(344,052)
Payments to employees	<u>(350,226)</u>	<u>(399,725)</u>
Net cash used in operating activities	<u>(346,256)</u>	<u>(339,471)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,051	3,133
Proceeds from sale of investments	304,952	334,744
Purchases of investments	<u>(251,410)</u>	<u>(301,819)</u>
Net cash provided by investing activities	<u>56,593</u>	<u>36,058</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds on capital donation	31,827	113,396
Capital expenditures	<u>(25,318)</u>	<u>(63,086)</u>
Net cash provided by capital and related financing activities	<u>6,509</u>	<u>50,310</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions and subsidies	<u>345,583</u>	<u>252,830</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	62,429	(273)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>119,260</u>	<u>119,533</u>
End of year	<u><u>\$ 181,689</u></u>	<u><u>\$ 119,260</u></u>

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF OPERATING LOSS TO NET		
CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (590,818)	\$ (554,428)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	128,337	125,734
Effects of changes in operating assets and liabilities:		
Accounts receivable	86,894	17,059
Inventory	4,300	5,150
Accounts payable	10,280	8,298
Accrued liabilities	(79)	2,387
Unearned revenue - pre-need services	14,830	56,329
	<u>14,830</u>	<u>56,329</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (346,256)</u>	<u>\$ (339,471)</u>
NONCASH CAPITAL AND NONCAPITAL ACTIVITIES		
Contributions of capital assets	<u>\$ -</u>	<u>\$ 65,604</u>
Capital asset additions included on accounts payable	<u>\$ 1,600</u>	<u>\$ 322</u>
CASH AND CASH EQUIVALENTS		
Cash - unrestricted	\$ 102,980	\$ 112,621
Cash - held on behalf of pre-need services - unrestricted	<u>78,709</u>	<u>6,639</u>
Total cash and cash equivalents	<u>181,689</u>	<u>119,260</u>
NONCURRENT INVESTMENTS		
Unrestricted	-	45,827
Restricted	<u>251,410</u>	<u>259,125</u>
Total noncurrent investments	<u>251,410</u>	<u>304,952</u>
TOTAL	<u><u>\$ 433,099</u></u>	<u><u>\$ 424,212</u></u>
CASH AND INVESTMENTS		
Unrestricted	\$ 181,689	\$ 165,087
Restricted	<u>251,410</u>	<u>259,125</u>
TOTAL CASH AND INVESTMENTS	<u><u>\$ 433,099</u></u>	<u><u>\$ 424,212</u></u>

The accompanying notes are an integral part of the financial statements.

**SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
 COMPONENT UNIT
 SPRINGDALE HISTORIC PRESERVATION FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 116,104	\$ 103,586
TOTAL ASSETS	<u>\$ 116,104</u>	<u>\$ 103,586</u>
LIABILITIES AND NET ASSETS		
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS		
Unrestricted - operating	101,479	89,979
Temporarily restricted	<u>14,625</u>	<u>13,607</u>
Total net assets	<u>116,104</u>	<u>103,586</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 116,104</u>	<u>\$ 103,586</u>

The accompanying notes are an integral part of the financial statements.

**SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
COMPONENT UNIT
SPRINGDALE HISTORIC PRESERVATION FOUNDATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<u>UNRESTRICTED NET ASSETS</u>		
REVENUE AND SUPPORT		
Revenue:		
Membership dues	\$ 16,265	\$ 15,715
Investment income	164	284
Net assets transferred from restricted net assets	<u>(1,000)</u>	<u>2,174</u>
	15,429	18,173
Support:		
Contributions	<u>11,372</u>	<u>9,894</u>
Total revenue and support	<u>26,801</u>	<u>28,067</u>
EXPENSES		
Program services	10,824	90,161
General and administrative	3,133	3,454
Fundraising activities	<u>1,344</u>	<u>1,371</u>
Total expenses	<u>15,301</u>	<u>94,986</u>
Increase (decrease) in unrestricted net assets	<u>11,500</u>	<u>(66,919)</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Designated contributions	-	2,600
Interest income on restricted funds	18	25
Net assets transferred to unrestricted net assets	<u>1,000</u>	<u>(2,174)</u>
Increase in temporarily restricted net assets	<u>1,018</u>	<u>451</u>
INCREASE (DECREASE) IN NET ASSETS	12,518	(66,468)
NET ASSETS		
Beginning of year	<u>103,586</u>	<u>170,054</u>
End of year	<u><u>\$ 116,104</u></u>	<u><u>\$ 103,586</u></u>

The accompanying notes are an integral part of the financial statements.

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Springdale Cemetery Management Authority (Authority), established September 16, 2002, by the Springdale Cemetery Intergovernmental Agreement (Agreement) between the City of Peoria, Illinois (City), the Springdale Historic Preservation Foundation (Foundation), the County of Peoria, Illinois (County), and the Pleasure Driveway and Park District of Peoria, Illinois (Park District), is a local cemetery that provides related services in central Illinois. The Authority began operations under the Agreement in approximately May 2003.

The governing Board of the Authority consists of three members appointed by the City, two members appointed by the Park District, two members appointed by the County, and two members appointed by the Foundation, so long as the agreement mentioned above is in effect and/or the Foundation is providing donations for the betterment of the Cemetery in an amount of \$25,000 per year, which may include in-kind services.

The Authority is empowered by the parties to the Agreement to oversee the management and operation of the Cemetery and to make such other by-laws, policies, and procedures as it deems necessary.

Under the agreement, operating deficits not covered by the Foundation shall be divided as follows:

The first \$80,000 in any calendar year shall be divided evenly between the County and the Park District. The County shall cover the next \$20,000. Any and all deficits in excess of \$100,000 after deficit coverage by the Foundation shall be the responsibility of the City.

Operating surpluses shall be retained by the Authority for the betterment of Springdale Cemetery.

At any time, either the County or the Park District may terminate the Agreement earlier than its twenty-year term by providing one year's notice of intent to terminate and by paying the sum of \$120,000 plus any accrued obligations owed by the party terminating the Agreement.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Springdale Cemetery Management Authority reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board Codification Sections issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

In defining the financial reporting entity, the Authority has considered whether there are any potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The criteria used in assessing whether an entity is a component unit consists of (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an *individual organization* that the specific primary government is entitled to, or has the ability to otherwise access, are significant to the primary government.

Using these criteria, the Springdale Historic Preservation Foundation (Foundation) is included in the accompanying financial statements as a discretely presented component unit. The Foundation is a nonprofit organization incorporated in Illinois on June 4, 1998. It was established as a tax-exempt charitable organization to provide support to restore and preserve the history, buildings, mausoleum, land, and grave sites of Springdale Cemetery.

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Complete financial statements for the Foundation may be obtained from the following address:

Springdale Historical Preservation Foundation
P.O. Box 5511
Peoria, Illinois

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

In addition, the Authority is considered a component unit of the City of Peoria, Illinois. Under the Agreement, the City has an obligation to fund deficits in excess of \$100,000, thereby making the Authority fiscally dependent on the City. Additionally, the City has an equity interest in the assets of the Cemetery, as ownership of the Cemetery was conveyed to the City at a nominal cost as a precondition of effectuating the terms of the Agreement.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the Authority is considered a special-purpose government engaged only in business-type activities. Accordingly, the Authority's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include state and federal grants, if any. Revenue from grants is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Investments

Investment securities are stated at fair value based on quoted market prices. Income is recognized on the accrual basis of accounting. The types of investments allowed are regulated by Illinois State laws and include municipal bonds, U.S. Government or Illinois obligations, insured deposits or other investments of state or national banks, Federal National Mortgage Association obligations, Illinois Funds, and agreements collateralized by securities or mortgages in an amount at least equal to the fair value of the funds deposited.

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are customer obligations, significantly for the sale of the exclusive right to inter human remains in lots or crypts, which require payment based on a stipulated payment term. No interest has been accrued on the accounts.

The carrying amount of the accounts receivable is reduced by a valuation allowance of \$5,830 in 2010 (\$15,388 in 2009) that reflects management's best estimate of amounts that may not be collected. The allowance for doubtful accounts is based on management's assessment of collectibility of specific customer accounts. If actual defaults are higher than historical experience, management's estimates of the recoverability of amounts due the Authority could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require excessive collection cost are written off to the allowance for doubtful accounts.

Inventory

Inventory consists primarily of crypts and is stated at the lower of cost or market. It is accounted for on a specific-identification basis.

Capital Assets

Capital assets include buildings, equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the Authority as assets with an initial unit cost of \$1,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and equipment of the Authority are depreciated using the straight-line method over the following useful lives.

<u>Assets</u>	<u>Years</u>
Building and improvements	39
Land improvements	20
Furniture and equipment	3-7

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

Unearned revenue at December 31, 2010 and 2009 consists of pre-need service revenue that has not yet been earned as the service has not yet been performed.

Net Assets

The Authority's net assets are classified as follows:

Invested in capital assets, net of related debt - This represents the Authority's total investment in capital assets, net of accumulated depreciation and any related debt. There is no related debt at December 31, 2010 or 2009.

Restricted - This includes resources that the Authority is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources when they are needed. Restricted net assets are comprised of amounts endowed to the Cemetery, earnings on which are designated to be used for purposes specified by the donor, such as purchase and placement of flowers on individual graves.

Unrestricted - This includes resources derived from contributions, sales, and state grants. These resources are used for transactions relating to the general operations of the Authority and may be used at the discretion of the governing board to meet current or other expenses for any purpose.

Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services or delivering goods in connection with the Cemetery's on-going operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind Contributions and Donated Services

In-kind contributions are recorded as revenue and expense (or capitalized, if applicable) in the accompanying statements. The Authority receives donated services from volunteer workers who assist the staff in mowing and related services. No monetary value for these services is reflected in the financial statements as they do not require specialized skill.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a custodial credit risk policy.

At December 31, 2010, the carrying amount of the Authority's deposits (includes checking, savings, and money market accounts) was \$432,924 and the bank balance was \$354,773. (The Authority also had cash on hand of \$175.) None of the bank balance of \$354,773 was exposed to custodial credit risk.

At December 31, 2009, the carrying amount of the Authority's deposits (includes checking, savings, and money market accounts) was \$118,999 and the bank balance was \$140,649. (The Authority also had cash on hand of \$261.) None of the bank balance of \$140,649 was exposed to custodial credit risk.

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 3 - INVESTMENTS

Investments at December 31 are comprised of the following at fair value:

	Average of Maturity of Funds in Portfolio	Morningstar Rating	<u>2010</u>	<u>2009</u>
Certificates of deposit	< 1 year	N/A	\$ 251,410	\$ -
Money market funds	< 1 year	N/A	<u>-</u>	<u>304,952</u>
			<u>\$ 251,410</u>	<u>\$ 304,952</u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to a debt investment will not fulfill its obligations. The Authority does not have an investment policy that limits investment ratings as a means of managing its exposure to losses arising from credit risk.

Custodial Credit Risk. The Authority's entire investment in money market funds is held by a third-party agent in the Authority's agent's name.

Concentration Risk. Concentration risk is the risk associated with having more than 5 percent of investments in any issuer, other than the U.S. Government. The Authority does not have a concentration risk policy.

There are restrictions on the following funds from restrictive donations and related earnings at December 31:

	<u>2010</u>	<u>2009</u>
Contribution corpus - nonexpendable	\$ 208,112	\$ 208,112
Restricted - expendable earnings on contributions	<u>43,298</u>	<u>51,013</u>
	<u>\$ 251,410</u>	<u>\$ 259,125</u>

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 4 - CAPITAL ASSETS

Changes in the various capital asset categories and related accumulated depreciation during the periods ended December 31 were as follows:

Cost:	2010				
	Balance at Beginning of Year	Additions	Deletions	Transfers	Balance at End of Year
Assets not depreciated:					
Construction in progress	\$ -	\$ 4,100	\$ -	\$ -	\$ 4,100
Land	65,604	-	-	-	65,604
Assets depreciated:					
Maintenance building	392,161	-	(1,765)	-	390,396
Building improvements	361,899	-	-	-	361,899
Land improvements	864,632	5,802	-	-	870,434
Furniture and equipment	396,892	16,694	(42,975)	-	370,611
Computer software	127,371	-	-	-	127,371
Total	\$ 2,208,559	\$ 26,596	\$ (44,740)	\$ -	\$ 2,190,415

Accumulated depreciation:	Balance at Beginning of Year	Additions	Deletions	Transfers	Balance at End of Year	Net Capital Assets at December 31, 2010
Maintenance building	\$ 57,385	\$ 10,044	\$ (160)	\$ -	\$ 67,269	\$ 323,127
Building improvements	46,383	10,410	-	-	56,793	305,106
Land improvements	133,541	33,429	-	-	166,970	703,464
Furniture and equipment	286,436	48,980	(40,534)	-	294,882	75,729
Computer software	44,636	25,474	-	-	70,110	57,261
Construction in progress	-	-	-	-	-	4,100
Land	-	-	-	-	-	65,604
Total	\$ 568,381	\$ 128,337	\$ (40,694)	\$ -	\$ 656,024	\$ 1,534,391

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Cost:	2009				Balance at End of Year
	Balance at Beginning of Year	Additions	Deletions	Transfers	
Assets depreciated:					
Maintenance building	\$ 391,696	\$ -	\$ -	\$ 465	\$ 392,161
Building improvements	352,251	-	-	9,648	361,899
Land improvements	853,722	7,300	-	3,610	864,632
Furniture and equipment	383,563	28,579	(15,250)	-	396,892
Computer software	100,971	26,400	-	-	127,371
Assets not depreciated:					
Construction in progress	13,723	-	-	(13,723)	-
Land	-	65,604	-	-	65,604
Total	\$ 2,095,926	\$ 127,883	\$ (15,250)	\$ -	\$ 2,208,559

Accumulated depreciation:	Balance at Beginning of Year	Additions	Deletions	Transfers	Balance at End of Year	Net Capital Assets at December 31, 2009
Maintenance building	\$ 47,341	\$ 10,044	\$ -	\$ -	\$ 57,385	\$ 334,776
Building improvements	36,869	9,514	-	-	46,383	315,516
Land improvements	101,435	32,106	-	-	133,541	731,091
Furniture and equipment	243,183	52,996	(9,743)	-	286,436	110,456
Computer software	23,562	21,074	-	-	44,636	82,735
Construction in progress	-	-	-	-	-	-
Land	-	-	-	-	-	65,604
Total	\$ 452,390	\$ 125,734	\$ (9,743)	\$ -	\$ 568,381	\$ 1,640,178

Construction in progress at December 31, 2010 consisted of a signage project that was not yet in service. There was no construction in progress at December 31, 2009.

NOTE 5 - RISK MANAGEMENT

The Authority purchases commercial insurance for worker's compensation, general liability, and property loss. Settled claims have not exceeded this commercial coverage during the last three years.

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 6 - OTHER DISCLOSURES OF THE SPRINGDALE HISTORIC PRESERVATION FOUNDATION, COMPONENT UNIT

The Springdale Historic Preservation Foundation (Foundation) is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The cash and cash equivalents of the Springdale Historic Preservation Foundation, component unit of the Springdale Cemetery Management Authority, have not been categorized as that organization does not report in accordance with the American Institute of Certified Public Accountants Industry Audit Guide, *Audits of State and Local Government Units*. Accordingly, risk categorization is not required.

In-kind contributions are recorded at their estimated market value at the date of donation.

The Foundation expenses advertising and promotion costs as they are incurred.

The Foundation acquired vacant land adjacent to the Prospect Road entrance to the cemetery during 2007 for a total cost of \$65,604 from an unrelated third party. The Foundation donated the land to the Authority on December 28, 2009 for future cemetery expansion.

The Foundation has previously donated all equipment and property acquired to the Springdale Cemetery.

Restrictions on net assets at December 31, 2010 and 2009 relate to contributions received from donors with restrictions or designations for specific use of the funds. The restrictions include funding for equipment purchases, repair projects, and specific portions of the Cemetery. Temporarily restricted net assets are available for the following purposes at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Gate House Project	\$ 1,350	\$ 1,350
Stone family plots	655	655
Records preservation and expert services	401	401
Cemetery projects	197	197
Signage	1,000	-
Soldier Hill	10,022	10,004
Gate House Entrance Gates	<u>1,000</u>	<u>1,000</u>
	<u><u>\$ 14,625</u></u>	<u><u>\$ 13,607</u></u>

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 7 - SUBSEQUENT EVENTS

Management evaluated subsequent events through June 8, 2011, the date the financial statements were available to be issued. Events or transactions that provided evidence about conditions that did not exist at December 31, 2010, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2010.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
SCHEDULES OF OPERATING REVENUES
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Opening and closing	\$ 78,828	\$ 69,302
Set markers	1,200	3,950
Engraving	4,858	5,474
Crypt sales	-	9,209
Lot sales	39,138	78,049
Restorations	2,595	1,030
Retail sales - markers and flowers	45,691	160,329
Other services	850	1,894
Miscellaneous	<u>4,148</u>	<u>1,681</u>
 TOTAL OPERATING REVENUES	 <u><u>\$ 177,308</u></u>	 <u><u>\$ 330,918</u></u>

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
SCHEDULES OF OPERATING EXPENSES
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Wages	\$ 349,302	\$ 403,371
Payroll taxes	31,431	36,296
Purchases for resale	53,501	71,494
Advertising	16,012	31,749
Accounting fees	9,750	11,250
Equipment expense	14,469	4,585
Fuel	16,118	17,459
Markers and monuments	-	150
Monument restoration	685	342
Depreciation	128,337	125,734
Insurance	29,232	21,311
Small tools and equipment	1,606	6,341
Office supplies	8,982	12,956
Contract services	3,251	34,625
Repairs and maintenance	45,840	46,030
Restoration supplies and equipment	12,191	7,091
Telephone	7,431	8,519
Utilities	19,063	16,183
Other	<u>20,925</u>	<u>29,860</u>
 TOTAL OPERATING EXPENSES	 <u><u>\$ 768,126</u></u>	 <u><u>\$ 885,346</u></u>

**SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
SCHEDULES OF GOVERNMENT SUBSIDIES ON LOSSES,
EXCLUDING DEPRECIATION AND RESTRICTED
FUND TRANSACTIONS
For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Operating loss	\$ (590,818)	\$ (554,428)
Depreciation	128,337 (4)	125,734
Contributions, including Foundation (noncapital contributions)	2,124	4,817
Capital purchases not capitalized	367	4,260
Investment income on unrestricted funds	4	190
Grant revenue from other sources to fund operating expenses	<u>-</u>	<u>15,971</u>
Loss prior to government subsidies	(459,986)	(403,456)
Government subsidies:		
Peoria Park District	40,000	40,000
Peoria County	60,000	60,000
City of Peoria	<u>359,986</u>	<u>303,456</u>
	<u>\$ -</u>	<u>\$ -</u>
Government subsidies receivable:		
Operating:		
Peoria Park District	\$ 40,000 (1)	\$ 40,000
Peoria County	60,000 (2)	-
City of Peoria	<u>359,986</u>	<u>303,456</u>
	<u>459,986</u>	<u>343,456</u>
City of Peoria - capital plan:		
Budgeted plan	60,000 (3)	71,295
Received	<u>(24,465) (5)</u>	<u>(70,398)</u>
Capital plan receivable	<u>35,535 (6)</u>	<u>897</u>
	<u>\$ 495,521</u>	<u>\$ 344,353</u>

(1) \$40,000 Received in February 2011.

(2) \$60,000 received in February 2011.

(3) Budgeted plan includes \$60,000 for 2010.

(4) On January 16, 2007, the Board approved a change in accounting practice in which depreciation expense is excluded from the computation of the operating loss to be subsidized by the City of Peoria. The City of Peoria currently provides the Authority with a specified capital budget and reimburses the Authority as amounts are expended within budget limits. In 2010, this accounting practice was still in place.

(5) Of the budgeted amount, \$24,465 was received for the 2010 capital plan.

(6) Portion expended and earned - \$1,600; portion unexpended and unearned - \$33,935.

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

Board of Directors
Springdale Cemetery Management Authority
Peoria, Illinois

We have audited the basic financial statements of Springdale Cemetery Management Authority (Authority) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 8, 2011. We did not audit the financial statements of the Springdale Historic Preservation Foundation, component unit of the Authority. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to amounts included for the Foundation, is based on the reports of the other auditor. 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. The financial statements of the Springdale Historic Preservation Foundation, component unit of the Authority, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and views of responsible officials as Findings 2009-1, 2009-2, and 2009-3 to be material weaknesses in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and views of responsible officials. We did not audit the Authority's response and, accordingly, we express no opinion on it.

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

Clifton Henderson LLP

Peoria, Illinois
June 8, 2011

**SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
SCHEDULE OF FINDINGS AND VIEWS OF RESPONSIBLE OFFICIALS
For the Year Ended December 31, 2010**

Finding #2010-1 - Lack of Segregation of Duties

Criteria or Specific Requirement:

An effective system of internal controls includes adequate segregation of duties.

Condition:

There is minimal segregation of duties among personnel involved in the cash disbursements, cash receipts, and payroll functions. This condition is inherent in operations which, for sound economic reasons, must function with a small number of office personnel.

Context:

In gaining an understanding of the accounting processes at the Authority as part of the audit, with the small number of personnel available in the cash disbursements, cash receipts, and payroll cycle, we understand there are limited options to have an adequate segregation of duties.

Effect:

When an adequate segregation of duties does not exist, detective controls are diminished that typically provide additional assurance that errors or irregularities are found in the normal course of daily activity.

Cause:

With a small number of personnel to whom to allocate responsibilities in accounting functions, the condition of inadequate segregation of duties is inherent.

Recommendation:

The continual close supervision and review of accounting information is the most practical means of preventing or detecting errors or irregularities when there are a small number of personnel to whom appropriately segregated functions can be assigned.

However, we also recommend reviewing the responsibilities of personnel to determine if duties could be modified to improve internal control.

Views of Responsible Officials and Planned Corrective Action:

Procedures that significantly improve segregation of duties and internal control were presented to the Springdale Cemetery Management Authority by management at a 2009 meeting. Such was tabled, at that time, during the hiring process of the new general manager and his familiarization period. Procedures are being improved and are planned for implementation in mid-2010. Continual improvements and revisions will be made again in 2011 as the operating use develops.

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
SCHEDULE OF FINDINGS AND VIEWS OF RESPONSIBLE OFFICIALS
For the Year Ended December 31, 2010

Finding #2010-2 - Financial Statement Preparation

Criteria or Specific Requirement:

In an ideal control setting, the Authority would have personnel possessing a thorough understanding of applicable generally accepted accounting principles staying abreast of recent accounting developments. Such personnel would perform a comprehensive review procedure to ensure that in the preparation of its annual financial statements that such statements, including disclosures, are complete and accurate.

Condition:

The Board of Directors and management share the ultimate responsibility for the Authority's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced to the external auditors. The Authority engages the external auditors to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, external auditors cannot be considered part of the Authority's internal control system.

Effect:

It is possible that a misstatement of the Authority's financial statements could occur and not be prevented or detected by the Authority's internal control.

Cause:

With the small staff of the Authority, there currently is no one employed who could perform a comprehensive review of the annual financial statements, which would include disclosures, and determine the financial statements are complete and accurate.

Recommendation:

We make no recommendation as to whether management should or should not invest in additional personnel or additional training for existing personnel to acquire the capacity to maintain the level of expertise necessary to prepare financial statements in accordance with generally accepted accounting principles, including all disclosures.

Views of Responsible Officials and Planned Corrective Action:

Agree that an ideal system of internal control would include personnel who could review the Authority's annual financial statements for completeness and accuracy. However, this is not currently feasible with the small staff at the Authority.

SPRINGDALE CEMETERY MANAGEMENT AUTHORITY
SCHEDULE OF FINDINGS AND VIEWS OF RESPONSIBLE OFFICIALS
For the Year Ended December 31, 2010

Finding #2010-3 - Audit Adjustments

Criteria or Specific Requirement:

An effective system of internal control would include the Authority having personnel who could identify misstatements that could have an effect on the fair presentation of the Authority's financial statements.

Condition:

During the course of our audit, we discovered various adjustments that had an effect on the overall fair presentation of the Authority's financial statements. The adjustments required related to the recording of the receivables for subsidies received by other governments, adjustments to capital assets and related depreciation, accounts payable, and deferred revenue. Additionally, we noted detail records related to receivables and deferred revenue were not well maintained to roll forward activity.

Effect:

If the adjustments described above were not recorded and reflected in the Authority's financial statements, the financial statements would not be fairly presented in accordance with generally accepted accounting principles.

Cause:

With the small staff of the Authority, at times, adjustments to the financial statements for more complex transactions are not identified and recorded. During the year, there were changes in personnel in the accounting position.

Recommendation:

We recommend that management establish procedures to evaluate and record adjustments related to subsidy receivables, payables, and other accounting data to underlying data that is readily supported by documentation.

Views of Responsible Officials and Planned Corrective Action:

Agree and will continue to strengthen procedures to identify and record all adjustments that could have a material effect on the financial statements.