



**MOUND HILL UNION CEMETERY  
MEDINA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**MOUND HILL UNION CEMETERY  
MEDINA COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Mound Hill Union Cemetery  
Medina County  
4097 Blake Road  
Seville, Ohio 44273

To the Board of Trustees:

We have audited the accompanying financial statements of Mound Hill Union Cemetery, Medina County, Ohio, (the Cemetery) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance of the Cemetery as of December 31, 2000 and 1999, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2001 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 audits.

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

**Jim Petro**  
Auditor of State

March 13, 2001

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**MOUND HILL UNION CEMETERY  
MEDINA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCE - GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<b>2000</b>	<b>1999</b>
<b>Cash Receipts:</b>		
Intergovernmental	\$12,171	\$9,772
Charges for Services	9,883	18,999
Interest	4,104	3,613
Miscellaneous	597	115
Total Cash Receipts	26,755	32,499
<b>Cash Disbursements:</b>		
Current:		
Salaries	741	707
Supplies	830	835
Contracts - Services	13,489	12,025
Public Employees' Retirement	179	173
Workers' Compensation	212	860
Miscellaneous	4,184	6,537
Equipment	7,422	597
Total Cash Disbursements	27,057	21,734
Total Cash Receipts (Under)/Over Cash Disbursements	(302)	10,765
Fund Cash Balance, January 1	82,618	71,853
<b>Fund Cash Balance, December 31</b>	<b>\$82,316</b>	<b>\$82,618</b>

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

**MOUND HILL UNION CEMETERY  
MEDINA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCE - NONEXPENDABLE TRUST FUND  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<u>2000</u>	<u>1999</u>
<b>Operating Cash Receipts</b>	\$0	\$0
<b>Operating Cash Disbursements:</b>		
Current:		
Maintenance Expense	<u>732</u>	<u>0</u>
Operating (Loss)	(732)	0
<b>Non-Operating Cash Receipts:</b>		
Interest	780	547
Fund Cash Balance, January 1	<u>13,886</u>	<u>13,339</u>
<b>Fund Cash Balance, December 31</b>	<u><b>\$13,934</b></u>	<u><b>\$13,886</b></u>

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



**MOUND HILL UNION CEMETERY  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Mound Hill Union Cemetery, Medina (the Cemetery) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Cemetery is directed by an appointed three-member Board of Trustees. The Board is appointed by the Village of Seville and Guilford Township. Guilford Township also provides funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

The Cemetery's management believes these financial statements present all activities for which the Cemetery is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

**C. Cash**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund and it is used to account for all financial resources of the Cemetery except those required to be accounted for in another fund.

**2. Fiduciary Fund (Trust Fund)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Cemetery to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. The Cemetery's only fiduciary fund is the Nonexpendable Trust Fund which is used to account for interest from fund investments. Interest is used for cemetery maintenance.

**E. Budgetary Process**

The Ohio Revised Code does not require the Union Cemetery to comply with budgetary procedures described therein. However, the Cemetery internally appropriates its expenditures for each fund annually.

**MOUND HILL UNION CEMETERY  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**Appropriations**

Expenditures may not exceed appropriations at the fund, function or object level of control.

**Estimated Resources**

The Cemetery does not prepare a budget of cash on hand and to be received. However, estimated receipts are considered when preparing appropriations.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**2. EQUITY IN POOLED CASH**

The Cemetery maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$16,315	\$16,617
Certificates of deposit	<u>79,935</u>	<u>79,887</u>
	<u>\$96,250</u>	<u>\$96,504</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,500	\$27,057	\$10,443
1999 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,500	\$21,734	\$15,766

**MOUND HILL UNION CEMETERY  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. RETIREMENT SYSTEM**

The Cemetery's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Cemetery contributed an amount equal to 10.84% and 13.55% for 2000 and 1999, respectively, of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2000.

**5. RISK MANAGEMENT**

The Cemetery has obtained commercial insurance for the following risks:

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

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## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Mound Hill Union Cemetery  
Medina County  
4097 Blake Road  
Seville, Ohio 44273

To the Board of Trustees:

We have audited the accompanying financial statements of Mound Hill Union Cemetery, Medina County, Ohio, (the Cemetery) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 13, 2001. We conducted our audits in accordance with generally accepted auditing standards 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 of the Cemetery in a separate letter dated March 13, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audits, 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Cemetery's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-30952-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Cemetery in a separate letter dated March 13, 2001.

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.

**Jim Petro**  
Auditor of State

March 13, 2001

**MOUND HILL UNION CEMETERY  
MEDINA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

**Reportable Condition**

**FINDING NUMBER 2000-30952-001**

**Charges for Services**

While testing charges for services, we noted the following:

- Purchase agreements for the sale of cemetery lots and deeds are not prenumbered. The lack of prenumbered documents significantly increases the risk of misappropriation.
- Cemetery deeds are not always prepared timely. Although the purchase agreements state that deeds will be sent within 30 days of receipt of final payment, 16 out of 23 deeds in 1999 and 4 out of 5 deeds in 2000 were issued after the 30 days. In 1 instance in 1999, notations on a purchase agreement dated 12/30/98 requested the issuance of a deed for burial spaces purchased 5/6/78 for which no deed was ever issued. The lack of timely completion of a cemetery lot sale transaction significantly increases the risk of misappropriation.
- The Cemetery Sexton, who is an independent contractor, occasionally collects payments for cemetery lot sales. The Cemetery Sexton's contract states that he will show and sell cemetery plots and maintain burial records for the Board at his own risk. The contract does not specifically state the duties of the Cemetery Sexton, including but not limited to the records that should be maintained, the use of prenumbered duplicate receipts and/or purchase agreements, and the review of records by cemetery officials.
- In 1 instance out of 25, the Board President approved a reduced fee for the opening and closing of a grave, however, no documentation of Board approval was noted in the Board minutes. As a result, formal documentation does not exist to support the action taken by the Board President.

We recommend the following:

- Purchase agreements and deeds should be pre-numbered and maintained in numerical sequence. This will help increase accountability over the number of lots sold.
- Deeds should be prepared, signed by the Board Members, and sent to customers in a timely manner in accordance with the Cemetery's policy. This will help reduce the risk of misappropriation of cemetery lot sales.
- The Cemetery Sexton's contract should be reviewed and his duties clarified to ensure that the duties are consistent with his status as an independent contractor. This will help reduce the risk of misappropriation and ensure burial records are properly maintained.
- As the minutes of the Cemetery document the Board's official actions, the minute record should document the Board's acceptance of all reduced fees.







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**MOUND HILL UNION CEMETERY**

**MEDINA 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  
APRIL 24, 2001**