



**Auditor of State  
Betty Montgomery**



**MOUND HILL UNION CEMETERY  
PREBLE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Mound Hill Union Cemetery  
Preble County  
533 West Main Street  
Eaton, Ohio 45320

To the Board of Trustees:

We have audited the accompanying financial statements of Mound Hill Union Cemetery, Preble County, Ohio (the Cemetery), as of and for the years ended December 31, 2002 and 2001. 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 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 combined fund cash balances of the Cemetery as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 7, the Cemetery reclassified certain funds into a capital project fund during 2001.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2003 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 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 24, 2003

**MOUND HILL UNION CEMETERY  
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Intergovernmental	\$118,894			\$118,894
Charges for Services	23,146			23,146
Sale of Lots	18,000			18,000
Interest	2,564	\$3,726	\$191	6,481
Miscellaneous	825			825
	<u>163,429</u>	<u>3,726</u>	<u>191</u>	<u>167,346</u>
<b>Total Cash Receipts</b>				
	<u>163,429</u>	<u>3,726</u>	<u>191</u>	<u>167,346</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	77,962			77,962
Supplies	19,024			19,024
Equipment	3,649			3,649
Workers' Compensation	1,163			1,163
Miscellaneous	22,365			22,365
	<u>124,163</u>	<u>0</u>	<u>0</u>	<u>124,163</u>
<b>Total Cash Disbursements</b>				
	<u>124,163</u>	<u>0</u>	<u>0</u>	<u>124,163</u>
<b>Total Receipts Over Disbursements</b>	<u>39,266</u>	<u>3,726</u>	<u>191</u>	<u>43,183</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	13,561			13,561
Transfers-In		50,000		50,000
Transfers-Out	(50,000)	0	0	(50,000)
	<u>(36,439)</u>	<u>50,000</u>	<u>0</u>	<u>13,561</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
	<u>(36,439)</u>	<u>50,000</u>	<u>0</u>	<u>13,561</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements</b>	2,827	53,726	191	56,744
<b>Fund Cash Balances, January 1</b>	<u>90,358</u>	<u>125,124</u>	<u>29,859</u>	<u>245,341</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$93,185</u></u>	<u><u>\$178,850</u></u>	<u><u>\$30,050</u></u>	<u><u>\$302,085</u></u>

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

**MOUND HILL UNION CEMETERY  
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Intergovernmental	\$118,894			\$118,894
Charges for Services	25,157			25,157
Sale of Lots	7,000			7,000
Interest	4,565	\$1,689	\$348	6,602
Miscellaneous	3,192			3,192
	<u>158,808</u>	<u>1,689</u>	<u>348</u>	<u>160,845</u>
<b>Total Cash Receipts</b>				
	<u>158,808</u>	<u>1,689</u>	<u>348</u>	<u>160,845</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	75,128			75,128
Supplies	20,693			20,693
Equipment	3,722			3,722
Workers' Compensation	4,392			4,392
Miscellaneous	19,269			19,269
	<u>123,204</u>	<u>0</u>	<u>0</u>	<u>123,204</u>
<b>Total Cash Disbursements</b>				
	<u>123,204</u>	<u>0</u>	<u>0</u>	<u>123,204</u>
<b>Total Receipts Over Disbursements</b>	<u>35,604</u>	<u>1,689</u>	<u>348</u>	<u>37,641</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		80,000		80,000
Transfers-Out	(80,000)		0	(80,000)
	<u>(80,000)</u>	<u>80,000</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
	<u>(80,000)</u>	<u>80,000</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	(44,396)	81,689	348	37,641
<b>Fund Cash Balances, January 1 (restated see Note 7)</b>	<u>134,754</u>	<u>43,435</u>	<u>29,511</u>	<u>207,700</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$90,358</u></u>	<u><u>\$125,124</u></u>	<u><u>\$29,859</u></u>	<u><u>\$245,341</u></u>

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



**MOUND HILL UNION CEMETERY  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Mound Hill Union Cemetery, Preble County, Ohio (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 City of Eaton Council and Washington Township Trustees. These entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. This accompanying financial statement presents this funding 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 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. 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 prescribed or permitted by the Auditor of State.

**C. Cash and Deposits**

Certificates of deposit are valued at cost.

**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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Capital Projects Fund**

The Capital Projects Fund is used to set aside monies for future expansion, improvements and maintenance of the Cemetery.

**MOUND HILL UNION CEMETERY  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**3. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Cemetery had the following Fiduciary Funds:

*Francis and Brower Trust Fund* - This fund is used to account for the perpetual maintenance of the graves of Richard Francis and Fred and Rebecca Brower. This is a nonexpendable trust fund that did not have any disbursements during 2001 or 2002.

Interest is posted to, and expended from, the general fund. The restricted amount which may not be spent is \$10,000.

*Perpetual Care Fund* - This fund receives a portion of the receipts from all grave sales. The fund is to be used for Cemetery maintenance costs after all grave lots have been sold.

**E. Budgetary Process**

The Ohio Revised Code does not require the Cemetery to budget funds annually; however, the Cemetery budgets the general fund and the capital projects fund annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control. The Board annually approves appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**3. Encumbrances**

The Cemetery reserves (encumbers) appropriations when commitments are made. Encumbrances are closed quarterly.

A summary of 2002 and 2001 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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Cemetery.

**MOUND HILL UNION CEMETERY  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**2. EQUITY IN POOLED CASH AND DEPOSITS**

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

	2002	2001
Checking	\$272,038	\$215,483
Savings	698	693
Certificates of deposit	29,349	29,165
Total deposits	\$302,085	\$245,341

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

At December 31, 2002, \$174,299 of deposits were not insured or collateralized and at December 31, 2001, \$116,418 of deposits were not insured or collateralized, contrary to Ohio law.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$153,858	\$176,990	\$23,132
Capital Projects	0	53,726	53,726
Total	\$153,858	\$230,716	\$76,858

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$244,216	\$174,163	\$70,053
Capital Projects	0	0	0
Total	\$244,216	\$174,163	\$70,053

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$143,858	\$158,808	\$14,950
Capital Projects	0	81,689	81,689
Total	\$143,858	\$240,497	\$96,639

**MOUND HILL UNION CEMETERY  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$278,612	\$203,204	\$75,408
Capital Projects	0	0	0
Total	\$278,612	\$203,204	\$75,408

**4. RETIREMENT SYSTEMS**

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 2002 and 2001, PERS employee members contributed 8.5% of their gross salaries. The Cemetery contributed an amount equal to 13.55% of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2002.

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Mound Hill Union Cemetery has obtained commercial insurance for the following risks:

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

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

**6. FUND BALANCE RESTATEMENT**

A fund balance restatement was made to reflect funds received by the Cemetery that were required to be placed in a Capital Improvement Fund to purchase additional land. The funds were reported in the General Fund at 12/31/00.

	Balance 12/31/00	Adjustment	Balance 1/1/01
General Fund	\$178,189	(\$43,435)	\$134,754
Capital Project Fund	0	\$43,435	\$43,435
Total	\$178,189	0	\$178,189



## **Auditor of State Betty Montgomery**

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

Mound Hill Union Cemetery  
Preble County  
533 West Main Street  
Eaton, Ohio 45320

To the Board of Trustees:

We have audited the accompanying financial statements of Mound Hill Union Cemetery, Preble County, Ohio (the Cemetery), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated October 24, 2003, wherein we noted the Cemetery reclassified certain funds into the capital projects fund type. 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 an instance of noncompliance that is required to be reported under *Governmental Auditing Standards* which is described in the accompanying schedule of findings as item 2002-001.

#### **Internal Control 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. However, we 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 October 24, 2003.

Mound Hill Union Cemetery  
Preble County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 24, 2003

**MOUND HILL UNION CEMETERY  
PREBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-001**

**Noncompliance**

Ohio Revised Code, Section 135.18, specifies that the Clerk shall require public depositories to pledge to and deposit with the Cemetery, as a security for the repayment of all public moneys to be deposited in the public depository during the period of designation, eligible securities of aggregate market value equal to the excess of the amount of public moneys deposited over and above such portion or amount of such monies as is at such time insured by the federal deposit insurance corporation or by another agency or instrumentality of the federal government.

The Cemetery did not have any pledged or pooled collateral statements from Eaton National Bank. The Cemetery's deposits exceeded the FDIC at various times throughout the audit period and by \$174,299 at December 31, 2002 and by \$116,418 at December 31, 2001. We recommend that the Cemetery request and retain collateral statements from all banks on a quarterly basis to ensure that all deposits are adequately secured. Also, the Cemetery should monitor the collateral activity.

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**MOUND HILL UNION CEMETERY  
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-20368-001	Ohio Revised Code, Section 135.18, the Cemetery did not have pledged or pooled collateral statements from Eaton National Bank, the deposits exceeded the FDIC at various times throughout the year.	No	Not Corrected – Reissued as Finding #2002-001





**Auditor of State  
Betty Montgomery**

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**MOUND HILL UNION CEMETERY**

**PREBLE 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 4, 2003**