



**Auditor of State
Betty Montgomery**

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

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**Auditor of State
Betty Montgomery**

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 27, 2005

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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 the Mound Hill Union Cemetery, Preble County, Ohio (the Cemetery), as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Cemetery has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Cemetery to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Cemetery does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Cemetery has elected not to reformat its statements. Since this Cemetery does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Cemetery as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Mound Hill Union Cemetery, Preble County, Ohio, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Cemetery to include Management's Discussion and Analysis for the year ended December 31, 2004. The Cemetery has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2005, on our consideration of the Cemetery's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

September 27, 2005

**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, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Intergovernmental	\$118,861			118,861
Charges for Services	18,678			18,678
Sale of Lots	33,250			33,250
Interest	410	1,093	68	1,571
Miscellaneous	6,023			6,023
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	177,222	1,093	68	178,383
Cash Disbursements:				
Current:				
Salaries	89,790			89,790
Supplies	24,375			24,375
Equipment	4,450			4,450
Workers' Compensation	5,572			5,572
Miscellaneous	34,973			34,973
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	159,160	0	0	159,160
Total Receipts Over Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	18,062	1,093	68	19,223
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	36,425	56,907	30,164	123,496
Fund Cash Balances, December 31	<u>\$54,487</u>	<u>\$58,000</u>	<u>\$30,232</u>	<u>\$142,719</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, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Intergovernmental	\$120,049			\$120,049
Charges for Services	21,100			21,100
Sale of Lots	13,750			13,750
Interest	1,098	1,067	120	2,285
Miscellaneous	5,580			5,580
Total Cash Receipts	161,577	1,067	120	162,764
Cash Disbursements:				
Current:				
Salaries	83,958			83,958
Equipment	35,590			35,590
Supplies	26,007			26,007
Workers' Compensation	2,460			2,460
Miscellaneous	30,322		6	30,328
Capital Outlay		163,010		163,010
Total Cash Disbursements	178,337	163,010	6	341,353
Total Receipts Over/(Under) Disbursements	(16,760)	(161,943)	114	(178,589)
Other Financing Receipts/(Disbursements):				
Transfers-In	0	40,000	0	40,000
Transfers-Out	(40,000)	0	0	(40,000)
Total Other Financing Receipts/(Disbursements)	(40,000)	40,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(56,760)	(121,943)	114	(178,589)
Fund Cash Balances, January 1	93,185	178,850	30,050	302,085
Fund Cash Balances, December 31	\$36,425	\$56,907	\$30,164	\$123,496

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, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Mound Hill Union Cemetery, Preble County, Ohio, (the Cemetery) as a body corporate and politic. The City of Eaton and Washington Township appoint a three-member Board of Trustees to direct cemetery operations. These entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The accompanying financial statements present 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

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 presents 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 to the Cemetery.

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust and Agency Funds)

These funds account for resources restricted by legally binding trust agreements. The Cemetery had the following significant 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 2003 and 2004.

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 investment income from various trusts and is used for the perpetual maintenance of these graves.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The financial statements report acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The financial statements do not report these items as assets.

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. The financial statements do not report unpaid vacation and sick leave as liabilities.

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND DEPOSITS

The Cemetery maintains a cash and deposits 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:

	2004	2003
Demand deposits	\$113,185	\$94,028
Certificates of deposit	29,534	29,468
Total deposits	142,719	123,496

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Cemetery.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$158,858	\$177,222	\$18,364
Capital Projects	0	1,093	1,093
Total	\$158,858	\$178,315	\$19,457

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$155,550	\$159,160	(\$3,610)
Capital Projects	39,733	0	39,733
Total	\$195,283	\$159,160	\$36,123

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$143,858	\$161,577	\$17,719
Capital Projects	0	41,067	41,067
Total	\$143,858	\$202,644	\$58,786

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$139,100	\$218,337	(\$79,237)
Capital Projects	97,944	163,010	(65,066)
Total	\$237,044	\$381,347	(\$144,303)

4. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS employee members contributed 8.5 percent of their gross salaries. The Cemetery contributes an amount equal to 13.55 percent of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2004.

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.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
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 financial statements of the Mound Hill Union Cemetery, Preble County, Ohio (the Cemetery), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 27, 2005, wherein we noted the Cemetery followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Cemetery's management dated September 27, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Cemetery's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Cemetery's management dated September 27, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

We intend this report solely for the information and use of management and the Board of Trustees, and is not intended for 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

September 27, 2005

MOUND HILL UNION CEMETERY
PREBLE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Ohio Revised Code, Section 135.18, for not having proper collateral.	No.	Partially Corrected. Reissued in the Management Letter.



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
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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
NOVEMBER 10, 2005**