



Mary Taylor, CPA
Auditor of State

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

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Mary Taylor, CPA

Auditor of State

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.

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Mary Taylor, CPA
Auditor of State

April 27, 2007

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Mary Taylor, CPA

Auditor of State

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, 2006 and 2005. 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 years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately. 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 years ended December 31, 2006 and 2005 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, 2006 and 2005, 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 Mound Hill Union Cemetery, Preble County, Ohio, as of December 31, 2006 and 2005, 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 years ended December 31, 2006 and 2005. 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 April 27, 2007, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 27, 2007

**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, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Private Purpose Trust Funds</u>	
Cash Receipts:				
Intergovernmental	\$120,049			\$120,049
Charges for Services	31,209			31,209
Sale of Lots	15,750			15,750
Interest	494	\$2,056	\$208	2,758
Miscellaneous	7,030			7,030
Total Cash Receipts	<u>174,532</u>	<u>2,056</u>	<u>208</u>	<u>176,796</u>
Cash Disbursements:				
Current:				
Salaries	95,074			95,074
Supplies	28,856			28,856
Workers' Compensation	5,445			5,445
Miscellaneous	26,166			26,166
Total Disbursements	<u>155,541</u>	<u>0</u>	<u>0</u>	<u>155,541</u>
Total Receipts Over Disbursements	<u>18,991</u>	<u>2,056</u>	<u>208</u>	<u>21,255</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	6,462			6,462
Transfers-Out		(6,462)		(6,462)
Total Other Financing Receipts/(Disbursements)	<u>6,462</u>	<u>(6,462)</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	25,453	(4,406)	208	21,255
Fund Cash Balances, January 1	48,475	59,551	30,310	138,336
Fund Cash Balances, December 31	<u>\$73,928</u>	<u>\$55,145</u>	<u>\$30,518</u>	<u>\$159,591</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, 2005**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Private Purpose Trust Funds</u>	
Cash Receipts:				
Intergovernmental	\$118,861			\$118,861
Charges for Services	30,017			30,017
Sale of Lots	8,300			8,300
Interest	416	\$1,551	\$78	2,045
Miscellaneous	6,379			6,379
Total Cash Receipts	<u>163,973</u>	<u>1,551</u>	<u>78</u>	<u>165,602</u>
Cash Disbursements:				
Current:				
Salaries	94,028			94,028
Supplies	24,791			24,791
Equipment	20,594			20,594
Workers' Compensation	5,050			5,050
Miscellaneous	25,522			25,522
Total Disbursements	<u>169,985</u>	<u>0</u>	<u>0</u>	<u>169,985</u>
Total Receipts Over/(Under) Disbursements	<u>(6,012)</u>	<u>1,551</u>	<u>78</u>	<u>(4,383)</u>
Fund Cash Balances, January 1	<u>54,487</u>	<u>58,000</u>	<u>30,232</u>	<u>142,719</u>
Fund Cash Balances, December 31	<u><u>\$48,475</u></u>	<u><u>\$59,551</u></u>	<u><u>\$30,310</u></u>	<u><u>\$138,336</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, 2006 AND 2005**

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 Project Funds

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

3. Fiduciary Funds (Private Purpose Trust Funds)

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

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2005 and 2006. 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 2006 and 2005 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.

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:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$129,778	\$108,727
Certificates of deposit	29,813	29,609
Total deposits	<u>\$159,591</u>	<u>\$138,336</u>

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. EQUITY IN POOLED CASH AND DEPOSITS (Continued)

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, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$149,858	\$180,994	\$31,136
Capital Projects	0	2,056	2,056
Fiduciary (Trust Funds)	0	208	208
Total	\$149,858	\$183,258	\$33,400

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$163,300	\$155,541	\$7,759
Capital Projects	35,034	6,462	28,572
Fiduciary (Trust Funds)	0	0	0
Total	\$198,334	\$162,003	\$36,331

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$143,858	\$163,973	\$20,115
Capital Projects	0	1,551	1,551
Fiduciary (Trust Funds)	0	78	78
Total	\$143,858	\$165,602	\$21,744

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$162,685	\$169,985	(\$7,300)
Capital Projects	35,660	0	35,660
Fiduciary (Trust Funds)	0	0	0
Total	\$198,345	\$169,985	\$28,360

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

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 2006, OPERS employee members contributed 9 percent of their gross salaries. The Cemetery contributes an amount equal to 13.7 percent of participants' gross salaries. For 2005, 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, 2006.

5. RISK MANAGEMENT

Commercial Insurance

The 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.



Mary Taylor, CPA

Auditor of State

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 Mound Hill Union Cemetery, Preble County, Ohio (the Cemetery), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 27, 2007, wherein we noted the Cemetery prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Cemetery's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Cemetery'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 significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Cemetery's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Cemetery's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Cemetery's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We noted certain internal control matters that we reported to the Cemetery's management in a separate letter dated April 27, 2007.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

April 27, 2007

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Significant Deficiency / Noncompliance Citation

Ohio Revised Code, § 4767.02 (A), provides, in part, that subdivisions may not own, operate, or maintain cemeteries unless they register with the Ohio Department of Commerce pursuant to section 4767.03 of the Revised Code. The Department sends a certificate to evidence that the qualifications for registration are met. Pursuant to Ohio Revised Code § 4767.03(C), a subdivision's registration is valid as long as it operates and maintains the cemetery. The exception is that a subdivision must update its application if it intends to acquire additional land for cemetery use, or if there is a change in the information required for registration.

The Cemetery is not registered with the Ohio Department of Commerce. Failure to register the cemetery could result in a possible misdemeanor, as provided for in Ohio Revised Code § 4767.99. We recommend that the Cemetery register with the Ohio Department of Commerce.

We did not receive a response from Officials to the finding reported above.



Mary Taylor, CPA
Auditor of State

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
MAY 24, 2007**