



**Mary Taylor, CPA**  
Auditor of State



HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY

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# Mary Taylor, CPA

Auditor of State

Hicksville Union Cemetery  
Defiance County  
707 North Main Street  
Hicksville, Ohio 43526-1147

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 an 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 adverse 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 "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

August 20, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Hicksville Union Cemetery  
Defiance County  
707 North Main Street  
Hicksville, Ohio 43526-1147

To the Board of Trustees:

We have audited the accompanying financial statements of Hicksville Union Cemetery, Defiance County, (the Cemetery) as of and for the years ended December 31, 2007 and 2006. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Cemetery's 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 GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Cemetery has elected not to follow GAAP statement formatting requirements. 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.

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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, 2007 and 2006, 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Hicksville Union Cemetery, Defiance County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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.

As described in Note 2, during 2006 the Cemetery reclassified its presentation of the Cemetery Endowment Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2008, 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

August 20, 2008



**HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	All Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent Fund	
<b>Cash Receipts:</b>				
Intergovernmental	\$32,232			\$32,232
Sale of Lots	13,005			13,005
Grave Openings	8,075			8,075
Interest	106		\$936	1,042
Miscellaneous	592			592
<b>Total Cash Receipts</b>	<b>54,010</b>		<b>936</b>	<b>54,946</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries	22,219			22,219
Fringe Benefits	6,369			6,369
Utilities	164			164
Maintenance	3,477			3,477
Grave Openings	2,707			2,707
Public Employees' Retirement	6,901			6,901
Workers' Compensation	1,083			1,083
Miscellaneous	2,485			2,485
Cemetery Improvements		\$9,369		9,369
<b>Total Cash Disbursements</b>	<b>45,405</b>	<b>9,369</b>		<b>54,774</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>8,605</b>	<b>(9,369)</b>	<b>936</b>	<b>172</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			1,330	1,330
Transfers-Out	(1,330)			(1,330)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(1,330)</b>		<b>1,330</b>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,275	(9,369)	2,266	172
Fund Cash Balances, January 1	2,670	18,285	28,865	49,820
<b>Fund Cash Balances, December 31</b>	<b>\$9,945</b>	<b>\$8,916</b>	<b>\$31,131</b>	<b>\$49,992</b>

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

**HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	All Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent Fund	
<b>Cash Receipts:</b>				
Intergovernmental	\$31,620	\$29,500		\$61,120
Sale of Lots	6,950			6,950
Grave Openings	10,050			10,050
Interest	84		\$380	464
Donations		900		900
Total Cash Receipts	48,704	30,400	380	79,484
<b>Cash Disbursements:</b>				
Current:				
Salaries	21,681			21,681
Fringe Benefits	6,432			6,432
Utilities	162			162
Contracted Services	2,575			2,575
Maintenance	909			909
Grave Openings	4,015			4,015
Public Employees' Retirement	6,531			6,531
Workers' Compensation	2,525			2,525
Miscellaneous	2,870			2,870
Cemetery Improvements		12,115		12,115
Total Cash Disbursements	47,700	12,115		59,815
Total Cash Receipts Over Cash Disbursements	1,004	18,285	380	19,669
Fund Cash Balances, January 1	1,666		28,485	30,151
<b>Fund Cash Balances, December 31</b>	<b>\$2,670</b>	<b>\$18,285</b>	<b>\$28,865</b>	<b>\$49,820</b>

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

**HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**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 of Hicksville Union Cemetery, Defiance County, (the Cemetery) as a body corporate and politic. Hicksville Township Trustees and Village of Hicksville Council 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. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Cemetery recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

**C. Cash**

The Cemetery records certificates of deposit 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Cemetery had the following significant Special Revenue Fund:

Cemetery Restoration Fund - This fund receives intergovernmental receipts and donations to pay for cemetery monument improvements.

**HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**3. Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Cemetery's programs. The Cemetery had the following significant Permanent Fund:

Cemetery Endowment Fund – This fund receives interest earned on fund investments. These earnings are used for the general maintenance and upkeep of grave sites.

**E. Property, Plant, and Equipment**

The Cemetery records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. RESTATEMENT OF FUND BALANCES**

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 34, the Cemetery reclassified its Cemetery Endowment Fund from a fiduciary fund to a permanent fund. This fund reclassification had the following effect on the Cemetery's fund balances as they were previously reported as of December 31, 2005:

	Fiduciary	Permanent
Fund Balances, December 31, 2005	\$28,485	
Reclassification of Fund Balance	(\$28,485)	\$28,485
Restated Fund Balances, January 1, 2006		\$28,485

**3. EQUITY IN POOLED CASH**

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

	2007	2006
Demand deposits	\$36,992	\$36,820
Certificates of deposit	13,000	13,000
Total deposits	\$49,992	\$49,820

Deposits are insured by the Federal Depository Insurance Corporation.

**4. RETIREMENT SYSTEM**

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

**HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**4. RETIREMENT SYSTEM – (CONTINUED)**

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9.0%, respectively, of their gross salaries and the Cemetery contributed an amount equaling 13.85 and 13.70%, respectively, of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2007.

**5. RISK MANAGEMENT**

The Cemetery insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Cemetery has obtained commercial insurance for the following risks:

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

**6. RELATED PARTY TRANSACTION**

Contrary to the requirements of Ohio Revised Code § 2921.42(A), Clark Poth, a member of the Cemetery Board of Trustees, was also paid as an independent contractor for monument restoration work done at the Cemetery in fiscal years 2006 and 2007. Mr. Poth received \$2,592 and \$2,860 in fiscal year 2006 and 2007, respectively, for these contracted services.

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# 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*

Hicksville Union Cemetery  
Defiance County  
707 North Main Street  
Hicksville, Ohio 43526-1147

To the Board of Trustees:

We have audited the financial statements of Hicksville Union Cemetery, Defiance County, (the Cemetery) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 20, 2008, wherein we noted the Cemetery prepared its financial statements using the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and we noted the Cemetery reclassified its presentation of the Cemetery Endowment Fund. 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.

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We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-002.

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. However, we believe the significant deficiency described above is also a material weakness.

We also noted certain matters that we reported to the Cemetery's management in a separate letter dated August 20, 2008.

#### **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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance not requiring inclusion in this report that we reported to the Cemetery's management in a separate letter dated August 20, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

August 20, 2008



**HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

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

**FINDING NUMBER 2007-001**

**Noncompliance Citation**

Provisions of the Ohio Revised Code address circumstances in which a public official or employee is prohibited from using the authority or influence of his office or employment to secure anything of value that substantially and improperly influences the official or employee in the exercise of his duties, and from having an interest in a public contract.

Ohio Revised Code § 102.03 (D) provides no public official or employee shall use or authorize the use of the authority or influence of his office or employment to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties.

Ohio Revised Code § 2921.42 (A)(1) states no public official shall knowingly authorize or employ the authority or influence of his office to secure authorization of any public contract in which he, a member of his family, or any of his business associates has an interest.

Ohio Revised Code § 2921.42 (A)(3) prohibits an officer, during his term of office or within one year after such term, to hold any position of profit in a public contract that was authorized by him or by a legislative body, commission, or board of which he was a member, even where he did not vote. This prohibition does not apply where the contract has been competitively bid. Public employment constitutes a public contract for these purposes.

Ohio Revised Code § 2921.42 (A)(4) states no public official shall knowingly have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which he is connected.

The following possible violation of the aforementioned Revised Code section was noted:

- Clark Poth, a member of the Cemetery Board of Trustees, was also paid by the Union Cemetery as an independent contractor for monument restoration work done at the Cemetery in fiscal years 2006 and 2007. Mr. Poth received \$2,592 and \$2,860 in fiscal year 2006 and 2007, respectively, for these contracted services.

We recommend the Cemetery, with the help of its legal counsel, develop a formal policy regarding related party transactions to govern transactions in which members of the Cemetery may have a personal interest. This policy may include Cemetery members abstaining from voting on related party items, advertising contracts for bid, etc.

This matter will be referred to the Ohio Ethics Commission for their consideration.

## FINDING NUMBER 2007-002

### Material Weakness

#### Monitoring of Financial Activity

Sound accounting practices require regular and thorough monitoring of the Cemetery's financial activity by the governing board. Review of financial data on a regular basis is an important monitoring tool to help ensure financial data is accurately accounted for in the Cemetery's accounting ledgers and whether resources are being efficiently utilized.

The Board's review of Cemetery finances is limited to a periodic financial report of fund balances. The Board does not generally review monthly financial information, including the Cemetery Clerk's monthly bank reconciliations, a list of bills paid, receipt and disbursement totals, or individual fund balances. Since the Board only meets on an as needed basis, this does not allow the Board to adequately monitor the financial position of the Cemetery.

In addition, we also noted instances such as the following:

- The financial activity, including receipts, disbursements, and balances, of both the Cemetery Restoration Fund and the Cemetery Endowment Fund were not included in the Cemetery's annual financial report for either fiscal year 2007 or 2006. For example, this included fund balances of \$8,916 and \$31,131 in the Cemetery Restoration Fund and the Cemetery Endowment Fund, respectively, as of December 31, 2007.
- In fiscal year 2007, a transfer out of the General Fund totaling \$1,330 was improperly reported as a miscellaneous disbursement instead of a transfer. There was no evidence this transfer had been approved by the Board.

As a result, the Cemetery's financial statements did not correctly reflect the financial activity of the Cemetery for each respective fiscal year. The accompanying financial statements and accounting records have been adjusted so these transactions reflect their intended purpose and are presented in the appropriate fund.

To strengthen monitoring controls and reduce the likelihood of misstatement, we recommend the Cemetery Clerk prepare monthly financial reports for the Board, which provide, at minimum, the following financial information:

- (1) the Cemetery Clerk's monthly bank reconciliations;
- (2) a list of bills paid;
- (3) month-to-date and year-to-date receipt and disbursement totals; and
- (4) the individual balance of each of the Cemetery's funds.

The monthly financial reports should be reviewed by the Board and be formally accepted in the Cemetery minutes. This review should include a determination financial transactions were properly posted. Furthermore, the Trustees should adopt procedures which include a final review of the financial statements by the Cemetery Clerk and Trustees to ensure errors and omissions are detected and corrected.

#### Official's Response:

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

HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Recommendation for oversight/monitoring of financial activity by the Board of Trustees throughout the year	No	Not corrected – Reissued in this report as finding 2007-002





**Mary Taylor, CPA**  
Auditor of State

**HICKSVILLE UNION CEMTERY**

**DEFIANCE 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  
SEPTEMBER 18, 2008**