



Mary Taylor, CPA
Auditor of State

HILLGROVE UNION CEMETERY
MONTGOMERY COUNTY

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Mary Taylor, CPA Auditor of State

Hillgrove Union Cemetery
Montgomery County
PO Box 27
Miamisburg, Ohio 45343

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.

Mary Taylor

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Auditor of State

September 17, 2009

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Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hillgrove Union Cemetery
Montgomery County
PO Box 27
Miamisburg, Ohio 45343

To the Board of Trustees:

We have audited the accompanying financial statements of the Hillgrove Union Cemetery, Montgomery County, (the Cemetery) as of and for the years ended December 31, 2008 and 2007. 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. The Cemetery processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Cemetery because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 requires 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 Cemeteries 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.

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, 2008 and 2007 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, 2008 and 2007, 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 Hillgrove Union Cemetery, Montgomery County, as of December 31, 2008 and 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2009 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.



Mary Taylor, CPA
Auditor of State

September 17, 2009

**HILLGROVE UNION CEMETERY
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Charges for Services	\$63,914		\$63,914
Sale of Lots	36,796	\$4,088	40,884
Interest	877	22	899
Miscellaneous	219		219
Total Cash Receipts	<u>101,806</u>	<u>4,110</u>	<u>105,916</u>
Cash Disbursements:			
Current:			
General Government	26,246	6	26,252
Health	79,858		79,858
Capital Outlay	11,216		11,216
Total Disbursements	<u>117,320</u>	<u>6</u>	<u>117,326</u>
Total Receipts Over/(Under) Disbursements	<u>(15,514)</u>	<u>4,104</u>	<u>(11,410)</u>
Other Financing Receipts/(Disbursements):			
Other Sources	133,201		133,201
Other Uses	(75,492)		(75,492)
Total Other Financing Receipts/(Disbursements)	<u>57,709</u>		<u>57,709</u>
Excess of Cash Receipts and Other Financing Receipts Over/ Cash Disbursements and Other Financing Disbursements	42,195	4,104	46,299
Fund Cash Balances, January 1	<u>24,037</u>	<u>2,732</u>	<u>26,769</u>
Fund Cash Balances, December 31	<u><u>\$66,232</u></u>	<u><u>\$6,836</u></u>	<u><u>\$73,068</u></u>

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

**HILLGROVE UNION CEMETERY
MONTGOMERY COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$31,000		\$31,000
Charges for Services	42,156		42,156
Sale of Lots	24,548	\$2,727	27,275
Interest	253	7	260
Miscellaneous	1,093		1,093
Total Cash Receipts	<u>99,050</u>	<u>2,734</u>	<u>101,784</u>
Cash Disbursements:			
Current:			
General Government	17,454	2	17,456
Health	54,154		54,154
Capital Outlay	3,405		3,405
Total Disbursements	<u>75,013</u>	<u>2</u>	<u>75,015</u>
Total Receipts Over Disbursements	<u>24,037</u>	<u>2,732</u>	<u>26,769</u>
Fund Cash Balances, January 1			
Fund Cash Balances, December 31	<u>\$24,037</u>	<u>\$2,732</u>	<u>\$26,769</u>

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

**HILLGROVE UNION CEMETERY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Hillgrove Union Cemetery, Montgomery County, (the Cemetery) as a body corporate and politic. Miami Township and the City of Miamisburg appoint a three-member Board of Trustees to direct cemetery operations. In 2007, these entities provided \$16,000 and \$15,000 respectively in funding to assist with the Cemetery's operating costs. 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.

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

C. Cash

During the audit period, the Cemetery maintained a general checking account and a savings account, which were 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. It presents all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Perpetual Care Fund - This fund receives a portion of the receipts from all grave sales. The fund's resources finance Cemetery maintenance costs after all grave lots have been sold.

**HILLGROVE UNION CEMETERY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Cemetery's Board budgets each 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 2008 budgetary activity appears in Note 3. The Cemetery did not adopt a budget in 2007.

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

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$73,068	\$26,769
Total deposits	<u>\$73,068</u>	<u>\$26,769</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

<u>2008 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$195,350	\$235,007	\$39,657
Special Revenue	4,500	4,110	(390)
Total	<u>\$199,850</u>	<u>\$239,117</u>	<u>\$39,267</u>

**HILLGROVE UNION CEMETERY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY

2008 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	\$219,300	\$192,812	\$26,488
Total	\$219,300	\$192,812	\$26,488

4. CHARGES FOR SERVICES

The primary source of revenue for the Cemetery is charges for services revenue. The Cemetery charges lot owners for costs associated with burial services at fixed rates that have approved by the Board of Trustees. The Board may change these rates at any time.

5. OTHER FINANCING SOURCES

During 2008, the Cemetery received the remaining funds of the Hillgrove Cemetery Association after it had ceased operations at the end of 2006. Additionally in 2008, the Cemetery received restitution from the former Superintendent of the Hillgrove Cemetery Association for missing funds.

6. 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 2008 and 2007, OPERS employee members contributed 10.0 and 9.5 percent respectively of their gross salaries. The Cemetery contributed an amount equal to 14.0 and 13.85 percent respectively of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2008.

7. RISK MANAGEMENT

Commercial Insurance

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

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

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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*

Hillgrove Union Cemetery
Montgomery County
PO Box 27
Miamisburg, Ohio 45343

To the Board of Trustees:

We have audited the financial statements of the Hillgrove Union Cemetery, Montgomery County, (the Cemetery) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 17, 2009, 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 also noted the Cemetery uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Cemetery. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

**Internal Control Over Financial Reporting
(Continued)**

We consider finding 2008-001 described in the accompanying schedule of findings to be significant deficiency in internal control over financial reporting.

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, as finding 2008-001, is also a material weakness.

We also noted certain internal control matters that we reported to the Cemetery's management in a separate letter dated September 17, 2009.

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 matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance not requiring inclusion in this report that we reported to the Cemetery's management in a separate letter dated September 17, 2009.

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



Mary Taylor, CPA
Auditor of State

September 17, 2009

**HILLGROVE UNION CEMETERY
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Noncompliance and Material Weakness

Hillgrove Union Cemetery Resolution 2007-003 Sections 1 and 2, designate that ten percent of the proceeds from all grave sales be set aside for the perpetual care of the cemetery and authorized the placement of the ten percent into the perpetual care fund. In fiscal year 2007, the Cemetery received two receipts for grave sales totaling \$2,250, of which the entire amount was credited to the general fund. The Cemetery fiscal officer did not credit ten percent, amounting to \$225, into the perpetual care fund as required by Resolution 2007-003. Additionally, the Cemetery reported in 2007 and 2008 proceeds from grave sales in the amounts of \$2,502 and \$4,088 respectively, as charges for services rather than as sale of lots.

The Cemetery should implement procedures to verify that revenues are properly reported on the financial statements and are recorded according to the Cemetery's resolution. These adjustments have been reflected in the accompanying financial statements.

Officials Response: We did receive a response from Officials to this finding.



Mary Taylor, CPA
Auditor of State

HILLGROVE UNION CEMETERY

MONTGOMERY 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
OCTOBER 15, 2009**