



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 W. 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 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 21, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mound Hill Union Cemetery
Preble County
533 W. 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, 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. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Cemetery has elected not 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 Mound Hill Union Cemetery, Preble 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 May 21, 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.

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

Mary Taylor, CPA
Auditor of State

May 21, 2009

**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, 2008**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Private Purpose Trusts</u>	
Cash Receipts:				
Intergovernmental	\$136,088	\$0	\$0	\$136,088
Charges for Services	36,284			36,284
Sale of Lots	8,950			8,950
Interest	4,096		301	4,397
Miscellaneous	5,920			5,920
	<u>191,338</u>	<u>0</u>	<u>301</u>	<u>191,639</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries	86,968			86,968
Operating	31,318			31,318
Equipment	5,900			5,900
Workers' Compensation	5,048			5,048
Miscellaneous	21,182			21,182
	<u>150,416</u>	<u>0</u>	<u>0</u>	<u>150,416</u>
Total Disbursements				
Total Receipts Over Disbursements	<u>40,922</u>	<u>0</u>	<u>301</u>	<u>41,223</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		45,000		45,000
Transfers-Out	(45,000)	0	0	(45,000)
	<u>(45,000)</u>	<u>45,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,078)	45,000	301	41,223
Fund Cash Balances, January 1	<u>110,372</u>	<u>65,145</u>	<u>30,737</u>	<u>206,254</u>
Fund Cash Balances, December 31	<u>\$106,294</u>	<u>\$110,145</u>	<u>\$31,038</u>	<u>\$247,477</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 YEARS ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Private Purpose Trusts</u>	
Cash Receipts:				
Intergovernmental	\$134,749	\$0	\$0	\$134,749
Charges for Services	32,610			32,610
Sale of Lots	23,750			23,750
Interest	4,087		220	4,307
Miscellaneous	6,710			6,710
	<u>201,906</u>	<u>0</u>	<u>220</u>	<u>202,126</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries	88,674			88,674
Operating	24,456			24,456
Equipment	10,800			10,800
Workers' Compensation	5,487			5,487
Miscellaneous	26,045			26,045
	<u>155,462</u>	<u>0</u>	<u>0</u>	<u>155,462</u>
Total Disbursements				
Total Receipts Over Disbursements	<u>46,444</u>	<u>0</u>	<u>220</u>	<u>46,664</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		10,000		10,000
Transfers-Out	(10,000)	0	0	(10,000)
	<u>(10,000)</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	36,444	10,000	220	46,664
Fund Cash Balances, January 1	<u>73,928</u>	<u>55,145</u>	<u>30,517</u>	<u>159,590</u>
Fund Cash Balances, December 31	<u>\$110,372</u>	<u>\$65,145</u>	<u>\$30,737</u>	<u>\$206,254</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, 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 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, 2008 AND 2007
(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 2007 and 2008. 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 prepares appropriations for the General Fund annually.

A summary of 2008 and 2007 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:

	2008	2007
Demand deposits	\$217,149	\$176,224
Certificates of deposit	30,328	30,031
Total deposits	<u>247,477</u>	<u>206,254</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, and a line of credit provided by the banking institution.

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

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

3. BUDGETARY ACTIVITY

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

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$271,905	\$195,416	\$76,489

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$237,786	\$165,462	\$72,324

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 2008 and 2007, 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, 2008.

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.

6. RELATED PARTY TRANSACTIONS

The Cemetery's Sexton's wife and son were employed part-time by the Cemetery during both 2007 and 2008. The Board approved all rates but the Sexton approved all hours worked for these part-time employees as well as the hiring off all part-time employees. The Sexton's wife received wages totaling \$1,233 in 2008 and \$4,908 in 2007. The Sexton's son received wages totaling \$3,683 in 2007 and \$4,670 in 2008.

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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*

Mound Hill Union Cemetery
Preble County
533 W. 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, 2008 and 2007, and have issued our report thereon dated May 21, 2009, 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 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 finding 2008-002 described in the accompanying schedule of findings to be a 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 is not a material weakness.

We also noted certain internal control matters that we reported to the Cemetery's management in a separate letter dated May 21, 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 another matter 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 or other matters not requiring inclusion in this report that we reported to the Cemetery's management in a separate letter dated May 21, 2009.

We intend this report solely for the information and use of the management. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 21, 2009

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Finding for Recovery Repaid Under Audit

Ohio Revised Code, Section 149.351(A), provides that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Sections 149.38 to 149.42 of the Ohio Revised Code. Contrary to this section, the Cemetery failed to maintain supporting invoices/receipts for 12 purchases made for the Cemetery. Supporting documentation was obtained by the Cemetery from vendors for three of the 12 items. The nine items in which support was not obtained are included in this Finding For Recovery Repaid Under Audit below. We recommend the Cemetery maintain all supporting documentation for disbursements made and no expenditures should be made until support is attached for every item being purchased or reimbursed.

The Cemetery paid \$192.76 to LTD Commodities LLC and reimbursed \$243.69 to Betsy Anspaugh for miscellaneous supplies and equipment. Supporting documentation was not maintained for these expenditures. The Board does not examine or approve expenditures before payment is made by the Fiscal Officer. The Cemetery's Fiscal Officer signed the following checks:

Check	Date	Amount	Vendor
9807	5/15/2007	\$36.83	LTD Commodities LLC
9955	10/30/2007	33.65	LTD Commodities LLC
9973	11/30/2007	58.39	LTD Commodities LLC
10016	2/1/2008	43.02	LTD Commodities LLC
10068	4/15/2008	116.93	Betsy Anspaugh
10115	5/27/2008	10.46	LTD Commodities LLC
10130	6/13/2008	29.63	Betsy Anspaugh
10164	7/22/2008	10.41	LTD Commodities LLC
10165	7/31/2008	97.13	Betsy Anspaugh
		<u>\$436.45</u>	

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. First, the expenditure is required for the general good of all inhabitants and second, the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Betsy Anspaugh, Fiscal Officer in the amount of \$436.45 in favor of the Mound Hill Union Cemetery's General Fund.

On April 6, 2009, Betsy Anspaugh repaid \$436.45 to the Mound Hill Union Cemetery's General Fund.

FINDING NUMBER 2008-002

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should ensure that all transactions are properly authorized, there is adequate security of assets, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The Board of Trustees failed to monitor and sign vouchers for disbursements indicating their approval of the payments being made for the entire audit period. This resulted in expenditures being made without adequate supporting documentation available and a subsequent finding for recovery. The lack of management oversight and failure to monitor and approve disbursements may lead to the misappropriation of Cemetery assets. We recommend that the Trustees review all disbursements and indicate their approval of disbursements presented for payment by signature, and document such review and approval in the official minute record of the Cemetery.

The Cemetery did not record transfer activity accurately in their accounting records or in the annual report and transfers in did not agree to transfers out. The transfer out was posted as an expenditure both in 2007 and 2008 instead of being recorded as a transfer out. The amount of the transfer was \$10,000 in 2007 and \$45,000 in 2008. Failure to accurately record transactions will lead to inaccurate financial reporting. We recommend that due care is taken to accurately post transfer activity and that review transfer activity to ensure that the amount of transfers in equals the amount of transfers out.

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2006-001	ORC 4767.02 (A) requiring cemetery registration with Ohio Department of Commerce.	Yes	



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
JUNE 25, 2009**