



Dave Yost • Auditor of State

**HILLGROVE UNION CEMETERY
MONTGOMERY COUNTY
DECEMBER 31, 2016 AND 2015**

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HILLGROVE UNION CEMETERY
MONTGOMERY COUNTY
DECEMBER 31, 2016 AND 2015

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Hillgrove Union Cemetery
Montgomery County
1002 East Central Avenue
Miamisburg, Ohio 45342

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities and the major funds of the Hillgrove Union Cemetery, Montgomery County, Ohio (the Cemetery), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Cemetery's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Cemetery's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Cemetery's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and the major funds of the Hillgrove Union Cemetery, Montgomery County, Ohio, as of December 31, 2016 and 2015, and the respective changes in cash financial position thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2015, the Cemetery has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

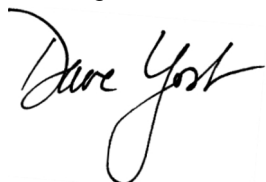
Our audit was conducted to opine on the financial statements taken as a whole.

The Budgetary Comparison Schedules for the General Fund presents additional analysis and are also not a required part of the basic financial statements.

The schedules are management's responsibility and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cemetery's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 18, 2017

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Hillgrove Union Cemetery
Montgomery County, Ohio
Statement of Net Position - Cash Basis
December 31, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$122,082
Investments	55,389
<i>Total Assets</i>	<i>\$177,471</i>
 Net Position	
Restricted for:	
Permanent Fund Purpose:	
Nonexpendable	\$30,783
Unrestricted	146,688
<i>Total Net Position</i>	<i>\$177,471</i>

See accompanying notes to the basic financial statements

Hillgrove Union Cemetery
Montgomery County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Governmental Activities
Governmental Activities			
Current:			
General Government	\$20,909		(\$20,909)
Health	105,331	\$80,473	(24,858)
Capital Outlay	21,889		(21,889)
<i>Total Governmental Activities</i>	148,129	80,473	(67,656)
Total Primary Government	\$148,129	\$80,473	(67,656)
		General Receipts:	
		Grants and Entitlements not Restricted to Specific Programs	80,000
		Earnings on Investments	418
		Miscellaneous	6,740
		Contributions to Permanent Fund	3,480
		Total General Receipts	90,638
		<i>Change in Net Position</i>	22,982
		<i>Net Position Beginning of Year</i>	154,489
		<i>Net Position End of Year</i>	\$177,471

See accompanying notes to the basic financial statements

Hillgrove Union Cemetery
Montgomery County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2016

	General	Perpetual Care	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$116,512	\$5,570	\$122,082
Investments	30,176	25,213	55,389
<i>Total Assets</i>	<u>\$146,688</u>	<u>\$30,783</u>	<u>\$177,471</u>
Fund Balances			
Nonspendable		\$30,783	\$30,783
Unassigned (Deficit)	\$146,688		146,688
<i>Total Fund Balances</i>	<u>\$146,688</u>	<u>\$30,783</u>	<u>\$177,471</u>

See accompanying notes to the basic financial statements

Hillgrove Union Cemetery
 Montgomery County, Ohio
 Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2016

	General	Perpetual Care	Total Governmental Funds
Receipts			
Licenses, Permits and Fees	\$49,153		\$49,153
Intergovernmental	80,000		80,000
Contributions		\$3,480	3,480
Earnings on Investments	251	167	418
Miscellaneous	38,060		38,060
<i>Total Receipts</i>	<u>167,464</u>	<u>3,647</u>	<u>171,111</u>
Disbursements			
Current:			
General Government	20,909		20,909
Health	105,331		105,331
Capital Outlay	21,889		21,889
<i>Total Disbursements</i>	<u>148,129</u>		<u>148,129</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,335</u>	<u>3,647</u>	<u>22,982</u>
<i>Net Change in Fund Balances</i>	<u>19,335</u>	<u>3,647</u>	<u>22,982</u>
<i>Fund Balances Beginning of Year</i>	<u>127,353</u>	<u>27,136</u>	<u>154,489</u>
<i>Fund Balances End of Year</i>	<u><u>\$146,688</u></u>	<u><u>\$30,783</u></u>	<u><u>\$177,471</u></u>

See accompanying notes to the basic financial statements

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Hillgrove Union Cemetery, Montgomery County, (the Cemetery). The City of Miamisburg and Miami Township appoint a three-member Board of Trustees to direct cemetery operations. The Cemetery also has an appointed Cemetery Fiscal Officer.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Cemetery. The primary government of the Cemetery provides the following services to its citizens: ground maintenance, opening and closing of graves, and the sale of grave lots.

Jointly Governed Organizations and Public Entity Risk Pools

The Cemetery is a jointly governed organization by the City of Miamisburg and Miami Township and participates in the Public Entities Pool of Ohio risk pool. Notes 7 and 8 to the financial statements provide additional information for these entities.

The Cemetery's management believes these financial statements present all activities for which the Cemetery is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis of Presentation

The Cemetery's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Cemetery as a whole. These statements include the financial activities of the primary government. The statements report those activities of the Cemetery that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash and investment balances of the governmental activities of the Cemetery at year end. The statement of activities compares disbursements with program receipts for each of the Cemetery's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Cemetery is responsible. Program receipts include charges paid by the recipient of the program's goods or services. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Cemetery's general receipts.

Fund Financial Statements During the year, the Cemetery segregates transactions related to certain Cemetery functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Cemetery at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Fund Accounting

The Cemetery uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Cemetery are governmental.

Governmental Funds Governmental funds are those through which most governmental functions of the Cemetery are financed. The following are the Cemetery's major governmental funds:

General The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Cemetery for any purpose provided it is expended or transferred according to the general laws of Ohio.

Perpetual Care The perpetual care fund accounts for and reports 10% of all grave lot sale receipts. The perpetual care fund balance is nonspendable in accordance with enabling legislation.

Basis of Accounting

The Cemetery's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the Cemetery's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Cash and Investments

Cemetery records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Cemetery is pooled and invested. Individual fund integrity is maintained through Cemetery records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2016, the Cemetery invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Cemetery's funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 was \$251 which includes \$0 assigned from other Cemetery funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Cemetery reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Cemetery's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Cemetery recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 4 and 5, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

Long-Term Obligations

The Cemetery's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Cemetery's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Cemetery is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Cemetery Trustees. Those committed amounts cannot be used for any other purpose unless the Cemetery Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Cemetery Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Cemetery for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Cemetery Trustees or a Cemetery official delegated that authority by resolution, or by State Statute. State Statute authorizes the Cemetery Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Cemetery applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Budgetary Data

The Cemetery adopts its budget on or before the start of the new fiscal year. Included in the budget are the estimated resources and expenditures for each fund. Upon review by the Cemetery's Board, the annual appropriation resolution is adopted. The appropriations may be amended or supplemented throughout the year as circumstances warrant. All of the Cemetery's funds are appropriated.

Appropriations

The annual appropriation resolution is enacted by the Board of Trustees of the Cemetery. The Governing Board has elected the legal level of control for appropriations to be at the fund-function-object level of expenditure. Prior to the passage of the annual appropriation measure, the Cemetery may pass a temporary appropriation measure to meet the ordinary expenditures of the Cemetery. Budgetary controls implemented by the Cemetery require that the appropriation resolution, by fund, be within the estimated resources, and the total of expenditures and encumbrances may not exceed the appropriations totals at the levels of control established by the Board. Any revisions that alter the total of any fund or line item appropriation must be approved by the Governing Board of the Cemetery. During the year, one supplemental appropriation measure was enacted.

The amounts reported as original budget in the budgetary comparative schedules reflect the first appropriation for that fund covering the entire fiscal year, including any amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

Formal budgetary integration is employed as a management control device during the year for all funds.

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 3 – Deposits and Investments

Monies held by the Cemetery are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Cemetery treasury. Active monies must be maintained either as cash in the Cemetery treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Cemetery can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Note 4 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Cemetery employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Cemetery employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Cemetery's contractually required contribution was \$9,023 for year 2016.

Note 5 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Cemetery's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015 and 2014 were \$1,504, \$1,667, and \$1,503 respectively. The full amount has been contributed for all three years.

Note 6 – Debt

Leases

The Cemetery leases a mower under a noncancelable lease. The Cemetery disbursed \$9,499 to pay lease costs for the year ended December 31, 2016. These disbursements were made from the General Fund. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2017	<u>\$1,583</u>
Total	<u><u>\$1,583</u></u>

Note 7 – Jointly Governed Organizations

Together, the City of Miamisburg and Miami Township jointly govern the Cemetery. Annually each member contributes \$40,000 of intergovernmental revenue to the Cemetery to keep the premises in working order. Each entity is jointly responsible for the operation of the Cemetery.

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 8 – Public Entity Risk Pool

The Cemetery is exposed to various risks of property and casualty losses, and injuries to employees.

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

The Cemetery belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool’s membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Cemetery’s share of these unpaid claims collectible in future years is approximately \$2,970.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2016 Contributions to PEP</u> \$4,715

Hillgrove Union Cemetery
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For the Year Ended December 31, 2016

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 9 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Cemetery is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below:

Fund Balances	General	Perpetual Care	Total
Nonspendable		\$30,783	\$30,783
<i>Total Nonspendable</i>		30,783	30,783
Unassigned (Deficit)	\$146,688		146,688
<i>Total Fund Balances</i>	\$146,688	30,783	\$177,471

Hillgrove Union Cemetery
Montgomery County, Ohio
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Licenses, Permits and Fees	\$59,600	\$59,600	\$49,153	(\$10,447)
Intergovernmental	80,000	80,000	80,000	
Earnings on Investments	100	100	251	151
Miscellaneous	28,300	28,300	38,060	9,760
<i>Total Receipts</i>	168,000	168,000	167,464	(536)
Disbursements				
Current:				
General Government	25,650	25,651	20,909	4,742
Health	127,350	119,849	105,331	14,518
Capital Outlay	15,000	22,500	21,889	611
<i>Total Disbursements</i>	168,000	168,000	148,129	19,871
<i>Excess of Receipts Over (Under) Disbursements</i>			19,335	19,335
<i>Net Change in Fund Balance</i>			19,335	19,335
<i>Unencumbered Fund Balance Beginning of Year</i>	127,353	127,353	127,353	
<i>Unencumbered Fund Balance End of Year</i>	\$127,353	\$127,353	\$146,688	\$19,335

See accompanying notes to the basic financial statements

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Budgetary Comparison Schedule
For the Year Ended December 31, 2016

Note 1 – Budgetary Process

There are no budgetary requirements for union cemeteries identified in the Ohio Revised Code. However, the Cemetery Board does follow the budgetary process for control purposes. This is done by adopting an annual appropriation resolution which is the Board of Trustee's authorization to spend resources and set annual limits on the expenditures plus encumbrances at the level of control selected by the Board. The Board does not approve estimated resources. The level of control has been established by the Board of Trustees at the fund-function-object level for all funds.

Throughout the fiscal year, appropriations may be amended or supplemented as circumstances warrant. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from the prior fiscal years. The amounts reported as the final budgeted amounts on the budgetary statements represent the final appropriation amounts passed by the Board of Trustees during the fiscal year.

Note 2 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The budgetary comparison schedule presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are:

- (1) outstanding year-end encumbrances are treated as expenditures (budgetary basis) rather than as a restricted, committed or assigned fund balance (cash basis),
- (2) Perspective differences - activity of some funds is included with the General Fund on the cash basis because those funds do not meet the requirements to be presented as a separate fund. These funds are not presented on the budgetary basis because the budget basis only presents the legally adopted budget for the General Fund.

There were no adjustments necessary to reconcile the cash basis statement to the budgetary basis schedule for the General Fund.

Hillgrove Union Cemetery
Montgomery County, Ohio
Statement of Net Position - Cash Basis
December 31, 2015

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$79,404
Investments	<u>75,085</u>
<i>Total Assets</i>	<u><u>\$154,489</u></u>
Net Position	
Restricted for:	
Permanent Fund Purpose:	
Nonexpendable	\$27,136
Unrestricted	<u>127,353</u>
<i>Total Net Position</i>	<u><u>\$154,489</u></u>

See accompanying notes to the basic financial statements

Hillgrove Union Cemetery
Montgomery County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2015

	General	Perpetual Care	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$77,315	\$2,089	\$79,404
Investments	50,038	25,047	75,085
<i>Total Assets</i>	<u>\$127,353</u>	<u>\$27,136</u>	<u>\$154,489</u>
Fund Balances			
Nonspendable		\$27,136	\$27,136
Unassigned (Deficit)	\$127,353		127,353
<i>Total Fund Balances</i>	<u>\$127,353</u>	<u>\$27,136</u>	<u>\$154,489</u>

See accompanying notes to the basic financial statements

Hillgrove Union Cemetery
 Montgomery County, Ohio
 Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2015

	General	Perpetual Care	Total Governmental Funds
Receipts			
Licenses, Permits and Fees	\$69,970		\$69,970
Intergovernmental	80,000		80,000
Contributions		\$2,589	2,589
Earnings on Investments	52	66	118
Miscellaneous	28,842		28,842
<i>Total Receipts</i>	<u>178,864</u>	<u>2,655</u>	<u>181,519</u>
Disbursements			
Current:			
General Government	24,671		24,671
Health	126,971		126,971
Capital Outlay	16,517		16,517
<i>Total Disbursements</i>	<u>168,159</u>		<u>168,159</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,705</u>	<u>2,655</u>	<u>13,360</u>
Other Financing Sources (Uses)			
Transfers In		329	329
Transfers Out	(329)		(329)
<i>Total Other Financing Sources (Uses)</i>	<u>(329)</u>	<u>329</u>	
<i>Net Change in Fund Balances</i>	<u>10,376</u>	<u>2,984</u>	<u>13,360</u>
<i>Fund Balances Beginning of Year</i>	<u>116,977</u>	<u>24,152</u>	<u>141,129</u>
<i>Fund Balances End of Year</i>	<u>\$127,353</u>	<u>\$27,136</u>	<u>\$154,489</u>

See accompanying notes to the basic financial statements

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Hillgrove Union Cemetery, Montgomery County (the Cemetery). The City of Miamisburg and Miami Township appoint a three-member Board of Trustees to direct cemetery operations. The Cemetery also has an appointed Cemetery Fiscal Officer.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Cemetery. The primary government of the Cemetery provides the following services to its citizens: ground maintenance, opening and closing of graves, and the sale of grave lots.

Jointly Governed Organizations and Public Entity Risk Pools

The Cemetery is a jointly governed organization by the City of Miamisburg and Miami Township and participates in the Public Entities Pool of Ohio risk pool. Notes 8 and 9 to the financial statements provide additional information for these entities.

The Cemetery's management believes these financial statements present all activities for which the Cemetery is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis of Presentation

The Cemetery's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Cemetery as a whole. These statements include the financial activities of the primary government. The statements report those activities of the Cemetery that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash and investment balances of the governmental activities of the Cemetery at year end. The statement of activities compares disbursements with program receipts for each of the Cemetery's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the

Hillgrove Union Cemetery
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Cemetery is responsible. Program receipts include charges paid by the recipient of the program's goods or services. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Cemetery's general receipts.

Fund Financial Statements During the year, the Cemetery segregates transactions related to certain Cemetery functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Cemetery at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Fund Accounting

The Cemetery uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Cemetery are governmental.

Governmental Funds Governmental funds are those through which most governmental functions of the Cemetery are financed. The following are the Cemetery's major governmental funds:

General The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Cemetery for any purpose provided it is expended or transferred according to the general laws of Ohio.

Perpetual Care The perpetual care fund accounts for and reports 10% of all grave lot sale receipts. The perpetual care fund balance is nonspendable in accordance with enabling legislation.

Basis of Accounting

The Cemetery's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Cemetery's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Cash and Investments

Cemetery records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Cemetery is pooled and invested. Individual fund integrity is maintained through Cemetery records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Hillgrove Union Cemetery
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2015, the Cemetery invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Cemetery's funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2015 was \$52 which includes \$0 assigned from other Cemetery funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Cemetery reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Cemetery's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Cemetery recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

Long-Term Obligations

The Cemetery's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments

Hillgrove Union Cemetery
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For the Year Ended December 31, 2015

are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Cemetery's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Cemetery is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Cemetery Trustees. Those committed amounts cannot be used for any other purpose unless the Cemetery Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Cemetery Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Cemetery for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Cemetery Trustees or a Cemetery official delegated that authority by resolution, or by State Statute. State Statute authorizes the Cemetery Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Hillgrove Union Cemetery
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Cemetery applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Budgetary Data

The Cemetery adopts its budget on or before the start of the new fiscal year. Included in the budget are the estimated resources and expenditures for each fund. Upon review by the Cemetery's Board, the annual appropriation resolution is adopted. The appropriations may be amended or supplemented throughout the year as circumstances warrant. All of the Cemetery's funds are appropriated.

Appropriations

The annual appropriation resolution is enacted by the Board of Trustees of the Cemetery. The Governing Board has elected the legal level of control for appropriations to be at the fund-function-object level of expenditure. Prior to the passage of the annual appropriation measure, the Cemetery may pass a temporary appropriation measure to meet the ordinary expenditures of the Cemetery. Budgetary controls implemented by the Cemetery require that the appropriation resolution, by fund, be within the estimated resources, and the total of expenditures and encumbrances may not exceed the appropriations totals at the levels of control established by the Board. Any revisions that alter the total of any fund or line item appropriation must be approved by the Governing Board of the Cemetery. During the year, three supplemental appropriation measures were enacted.

The amounts reported as original budget in the budgetary comparative schedules reflect the first appropriation for that fund covering the entire fiscal year, including any amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

Formal budgetary integration is employed as a management control device during the year for all funds.

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Hillgrove Union Cemetery
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 – Deposits and Investments

Monies held by the Cemetery are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Cemetery treasury. Active monies must be maintained either as cash in the Cemetery treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Cemetery can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

Hillgrove Union Cemetery
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Note 4— Interfund Balances and Transfers

Transfers

During 2015, the following transfers were made:

<u>Transfer to</u>	<u>General Fund</u>	<u>Total</u>
Perpetual Care Fund	\$329	\$329

The above mentioned Transfer From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 5 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Cemetery employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Cemetery employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net

Hillgrove Union Cemetery
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Cemetery's contractually required contribution was \$9,999 for year 2015.

Note 6 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Cemetery's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the year ended December 31, 2015, 2014, and 2013 was \$1,667, \$1,503 and \$1,442 respectively. The full amount has been contributed for all three years.

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 7 – Debt

Leases

The Cemetery leases a mower under a noncancelable lease. The Cemetery disbursed \$9,499 to pay lease costs for the year ended December 31, 2015. These disbursements were made from the General Fund. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$9,499
2017	1,583
Total	<u>\$11,082</u>

Note 8 – Jointly Governed Organizations

Together, the City of Miamisburg and Miami Township jointly govern the Cemetery. Annually each member contributes \$40,000 of intergovernmental revenue to the Cemetery to keep the premises in working order. Each entity is jointly responsible for the operation of the Cemetery.

Note 9 – Public Entity Risk Pool

The Cemetery is exposed to various risks of property and casualty losses, and injuries to employees.

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

The Cemetery belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015

	<u>2015</u>
Assets	\$38,307,677
Liabilities	<u>(12,759,127)</u>
Net Position	<u>\$25,548,550</u>

At December 31, 2015, the liabilities above include approximately \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Cemetery's share of these unpaid claims collectible in future years is approximately \$2,954.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2015 Contributions to PEP</u> \$4,689

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Cemetery is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below:

Fund Balances	General	Perpetual Care	Total
Nonspendable		\$27,136	\$27,136
<i>Total Nonspendable</i>		<u>27,136</u>	<u>27,136</u>
Unassigned (Deficit)	\$127,353		127,353
<i>Total Fund Balances</i>	<u>\$127,353</u>	<u>27,136</u>	<u>\$154,489</u>

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Hillgrove Union Cemetery
Montgomery County, Ohio
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Licenses, Permits and Fees	\$51,800	\$65,000	\$69,970	\$4,970
Intergovernmental	80,000	80,000	80,000	
Earnings on Investments			52	52
Miscellaneous	27,000	27,000	28,842	1,842
<i>Total Receipts</i>	158,800	172,000	178,864	6,864
Disbursements				
Current:				
General Government	24,450	25,134	24,671	463
Health	114,925	127,461	126,971	490
Capital Outlay	12,000	16,530	16,517	13
<i>Total Disbursements</i>	151,375	169,125	168,159	966
<i>Excess of Receipts Over (Under) Disbursements</i>	7,425	2,875	10,705	7,830
Other Financing Sources (Uses)				
Transfers Out		(329)	(329)	
<i>Total Other Financing Sources (Uses)</i>		(329)	(329)	
<i>Net Change in Fund Balance</i>	7,425	2,546	10,376	7,830
<i>Unencumbered Fund Balance Beginning of Year</i>	116,977	116,977	116,977	
<i>Unencumbered Fund Balance End of Year</i>	\$124,402	\$119,523	\$127,353	\$7,830

See accompanying notes to the basic financial statements

Hillgrove Union Cemetery
Montgomery County, Ohio
Notes to the Budgetary Comparison Schedule
For the Year Ended December 31, 2015

Note 1 – Budgetary Process

There are no budgetary requirements for union cemeteries identified in the Ohio Revised Code. However, the Cemetery Board does follow the budgetary process for control purposes. This is done by adopting an annual appropriation resolution which is the Board of Trustee's authorization to spend resources and set annual limits on the expenditures plus encumbrances at the level of control selected by the Board. The Board does not approve estimated resources. The level of control has been established by the Board of Trustees at the fund-function-object level for all funds.

Throughout the fiscal year, appropriations may be amended or supplemented as circumstances warrant. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from the prior fiscal years. The amounts reported as the final budgeted amounts on the budgetary statements represent the final appropriation amounts passed by the Board of Trustees during the fiscal year.

Note 2 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The budgetary comparison schedule presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are:

- (1) outstanding year-end encumbrances are treated as expenditures (budgetary basis) rather than as a restricted, committed or assigned fund balance (cash basis),
- (2) Perspective differences - activity of some funds is included with the General Fund on the cash basis because those funds do not meet the requirements to be presented as a separate fund. These funds are not presented on the budgetary basis because the budget basis only presents the legally adopted budget for the General Fund.

There were no adjustments necessary to reconcile the cash basis statement to the budgetary basis schedule for the General Fund.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Hillgrove Union Cemetery
Montgomery County
1002 East Central Avenue
Miamisburg, Ohio 45342

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities and each major fund of the Hillgrove Union Cemetery, Montgomery County (the Cemetery) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Cemetery's basic financial statements and have issued our report thereon dated October 18, 2017, wherein we noted the Cemetery uses a special purpose framework other than generally accepted accounting principles. During 2015, the Cemetery elected to change its financial presentation from financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit to a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Cemetery's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Cemetery's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Cemetery's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider Finding Number 2016-001 to be a material weakness.

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Cemetery's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Cemetery's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

October 18, 2017

**HILLGROVE UNION CEMETERY
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Material Weakness – Financial Statement Misstatements

The Cemetery presented its financial statements in accordance with an Other Comprehensive Basis of Accounting (OCBOA). The Cemetery's financial statements for 2015 and 2016 originally contained the following misstatements. These misstatements were adjusted on the Cemetery's financial statements.

- The Cemetery's Perpetual Care Fund operated as a governmental fund type permanent fund; however, it was classified incorrectly on the financial statements for 2015 and 2016 as a fiduciary fund type investment trust fund. This resulted in 2015 and 2016 increases, respectively, to the Perpetual Care Fund revenues of \$2,984 and \$3,647 beginning fund balance of \$24,152 and \$27,136 and cash of \$27,136 and \$30,783 on the Statement of Assets and Fund Balances - Cash Basis and Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis. These additions were also made on the government-wide financial statements. The Investment Trust Fund was overstated by the same amounts. Additionally, this fund's balance was classified as expendable. Based on review of the Cemetery's resolution to establish this fund, it is the Cemetery's intention to classify this fund as nonexpendable.
- In 2015, Transfers In of \$329 were improperly classified as contributions revenue in the Perpetual Care Fund. The Cemetery's General Fund did correctly show a Transfers Out of \$329.

The Cemetery should use due care in preparation its annual reports. The Cemetery should also obtain assistance in determination of proper receipt posting and fund classification when necessary to provide accurate financial information.

Failure to determine that all financial transactions are recorded correctly in the accounting system and correctly on the financial statements could lead to inconsistent and misleading financial statements. The Cemetery should develop procedures to verify that financial transactions are recorded correctly and consistently to the accounting system and financial statements. In addition, the Cemetery should review Auditor of State Bulletin 2011-004 to determine and present the proper governmental fund balances in accordance with current guidelines.

Officials' Response:

We did not receive a response from Officials for this finding.

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Dave Yost • 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
NOVEMBER 14, 2017