



**HIGHLAND UNION CEMETERY
JEFFERSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**HIGHLAND UNION CEMETERY
JEFFERSON COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949

REPORT OF INDEPENDENT ACCOUNTANTS

Highland Union Cemetery
Jefferson County
P.O. Box 394
Mount Pleasant, Ohio 43939

To the Board of Trustees:

We have audited the accompanying financial statements of Highland Union Cemetery, Jefferson County, Ohio, (the Cemetery) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Cemetery prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Highland Union Cemetery, Jefferson County, as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2000 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 23, 2000

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**HIGHLAND UNION CEMETERY
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:			
Intergovernmental	\$5,289		\$5,289
Charges for Services	8,124		8,124
Sale of Lots	895		895
Interest		\$2,513	2,513
Miscellaneous	1,069	4,742	5,811
	<u>15,377</u>	<u>7,255</u>	<u>22,632</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries	549		549
Supplies	1,230		1,230
Contracts - Services	10,667		10,667
Public Employees' Retirement	132		132
Workers' Compensation	25		25
	<u>12,603</u>		<u>12,603</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	<u>2,774</u>	<u>7,255</u>	<u>10,029</u>
Fund Cash Balances January 1	<u>1,019</u>	<u>65,557</u>	<u>66,576</u>
Fund Cash Balances, December 31	<u><u>\$3,793</u></u>	<u><u>\$72,812</u></u>	<u><u>\$76,605</u></u>

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

**HIGHLAND UNION CEMETERY
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:			
Intergovernmental	\$4,978		\$4,978
Charges for Services	9,909		9,909
Sale of Lots	535		535
Interest		\$2,671	2,671
Miscellaneous	441	7,275	7,716
	<u>15,863</u>	<u>9,946</u>	<u>25,809</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries	589		589
Supplies	1,435		1,435
Contracts - Services	15,293		15,293
Public Employees' Retirement	99		99
Workers' Compensation	20		20
Miscellaneous	154		154
	<u>17,590</u>		<u>17,590</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(1,727)</u>	<u>9,946</u>	<u>8,219</u>
Fund Cash Balances January 1	<u>2,746</u>	<u>55,611</u>	<u>58,357</u>
Fund Cash Balances, December 31	<u><u>\$1,019</u></u>	<u><u>\$65,557</u></u>	<u><u>\$66,576</u></u>

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

**HIGHLAND UNION CEMETERY
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Highland Union Cemetery, Jefferson County (the Cemetery) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Cemetery is directed by an appointed three-member Board of Trustees. The Board is appointed by the Village of Mount Pleasant, the Village of Dillionvale, and Mount Pleasant Township. These entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

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 disbursements, respectively.

D. Fund Accounting

The Cemetery uses fund accounting to segregate cash and investments that are restricted as to use. The Cemetery classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Cemetery is acting in an agency capacity. The Cemetery had the following significant Fiduciary Funds:

Perpetual Care Fund - This fund receives a portion of the receipts from all grave sales. The fund is to be used for Cemetery maintenance costs after all grave lots have been sold.

**HIGHLAND UNION CEMETERY
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 36,605	\$ 36,576
Certificates of deposit	<u>40,000</u>	<u>30,000</u>
Total deposits	<u>\$ 76,605</u>	<u>\$ 66,576</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation

3. RETIREMENT SYSTEMS

The Cemetery's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Cemetery contributed an amount equal to 13.55% of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 1999.



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OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Highland Union Cemetery
Jefferson County
P.O. Box 394
Mount Pleasant, Ohio 43939

To the Board of Trustees:

We have audited the accompanying financial statements of Highland Union Cemetery, Jefferson County, Ohio (the Cemetery), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated October 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Cemetery's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance which is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 1999-31241-001. We also noted certain immaterial instances of noncompliance, which we have reported to management of the Cemetery in a separate letter dated October 23, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Cemetery's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-31241-002 and 1999-31241-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 1999-31241-002 to be a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the Cemetery in a separate letter dated October 23, 2000.

Highland Union Cemetery
Jefferson County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 23, 2000

**HIGHLAND UNION CEMETERY
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-31241-001

Ohio Revised Code § 135.21 sets forth requirements relating to the posting of interest. It states in part that interest should be credited to the fund to which the principal belongs.

In 1998, interest earned by the Perpetual Care Fund investments was not posted to any fund in the ledgers of the Cemetery. In 1999, approximately 80% of the interest earned by the Perpetual Care Fund investments was posted to the General Fund. Amounts were material to the Perpetual Care Fund and adjustments were made and are reflected in the accompanying financial statements.

All interest earned by the Perpetual Care Fund investments should be credited to said fund so that financial statements will accurately reflect the financial activity of the Cemetery.

FINDING NUMBER 1999-31241-002

Monthly Reconciliations

The Clerk performed a monthly bank reconciliation of the Cemetery's general checking account. Five monthly bank reconciliations were tested and in each of the five reconciliations, amounts used as reconciling items were not accurate and, therefore, bank balances were not correctly reconciled to fund balances. In addition, the Perpetual Care Fund was not included in the reconciliation process. Five adjustments, ranging in amounts from \$500 to \$72,812, were made to bring the Cemetery's books into balance with depository balances. These adjustments are reflected in the accompanying financial statements.

When monthly depository balances are not accurately reconciled with book balances, errors may be made and go undetected. In addition, when amounts are not reconciled, there is no means of assuring that amounts reported on the books are a true reflection of the Cemetery's financial position.

All bank balances should be reconciled to book balances monthly.

FINDING NUMBER 1999-31241-003

Annual Financial Report

The annual financial report as prepared by the Clerk was not an accurate reflection of all financial activity of the Cemetery. There were three instances where the amounts reported in the statements did not agree with the ledgers of the Cemetery and beginning and ending balances were not shown on the statements. In addition, the report did not account for activity by fund type, as the activity of the Perpetual Care Fund was not distinctly classified from the activity of the General Fund. Three adjustments were made to the 1999 financial statement in the amounts of \$500, \$848 and \$7,255 and two adjustments were made to the 1998 financial statement in the amounts of \$2,058 and \$9,946 and are included in the accompanying financial statements.

To correctly present the financial activity of the Cemetery, the Clerk should record all transactions in the ledgers and prepare the Cemetery's annual financial report using the amounts reflected in the ledgers, and the report should be presented based on fund type, including beginning and ending fund balances.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HIGHLAND UNION CEMETERY

JEFFERSON 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
DECEMBER 26, 2000**