



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HIGHLAND UNION CEMETERY
JEFFERSON COUNTY

TABLE OF CONTENTS

| TITLE | PAGE |
|---|------|
| Report of Independent Accountants | 1 |
| 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, 2001 | 3 |
| 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, 2000 | 4 |
| Notes to the Financial Statements | 5 |
| Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> | 7 |
| Schedule of Findings | 9 |
| Schedule of Prior Audit Findings | 10 |

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Highland Union Cemetery (the Cemetery) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the Highland Union Cemetery as of December 31, 2001 and December 31, 2000, 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 June 14, 2002 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, and the 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 14, 2002

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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, 2001**

| | <u>Governmental Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|--|-----------------------------------|--------------------------------|---|
| | <u>General</u> | <u>Expendable Trust</u> | |
| Cash Receipts: | | | |
| Intergovernmental | \$4,874 | | \$4,874 |
| Charges for Services | 8,651 | \$3,380 | 12,031 |
| Interest | 139 | 4,069 | 4,208 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 13,664 | 7,449 | 21,113 |
| Cash Disbursements: | | | |
| Current: | | | |
| Salaries | 839 | | 839 |
| Supplies | 373 | | 373 |
| Contracts - Services | 9,747 | 4,819 | 14,566 |
| Public Employees' Retirement | 137 | | 137 |
| Workers' Compensation | 20 | | 20 |
| Miscellaneous | 569 | | 569 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 11,685 | 4,819 | 16,504 |
| Total Receipts Over/(Under) Disbursements | <hr/> | <hr/> | <hr/> |
| | 1,979 | 2,630 | 4,609 |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers-In | | 300 | 300 |
| Transfers-Out | (300) | | (300) |
| Other Sources | | 750 | 750 |
| Other Uses | | (744) | (744) |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Receipts/(Disbursements) | (300) | 306 | 6 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <hr/> | <hr/> | <hr/> |
| | 1,679 | 2,936 | 4,615 |
| Fund Cash Balances, January 1 | <hr/> | <hr/> | <hr/> |
| | 4,944 | 83,676 | 88,620 |
| Fund Cash Balances, December 31 | <hr/> \$6,623 | <hr/> \$86,612 | <hr/> \$93,235 |

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, 2000

| | Governmental Fund Type | Fiduciary Fund Type | Totals (Memorandum Only) |
|--|---------------------------|------------------------|--------------------------------|
| | General | Expendable Trust | |
| Cash Receipts: | | | |
| Intergovernmental | \$4,828 | | \$4,828 |
| Charges for Services | 8,227 | \$1,600 | 9,827 |
| Interest | 371 | 4,522 | 4,893 |
| Miscellaneous | 13,055 | | 13,055 |
| | <u>26,481</u> | <u>6,122</u> | <u>32,603</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Salaries | 732 | | 732 |
| Supplies | 2,179 | | 2,179 |
| Contracts - Services | 10,990 | 4,522 | 15,512 |
| Public Employees' Retirement | 138 | | 138 |
| Workers' Compensation | 28 | | 28 |
| Miscellaneous | 1,083 | | 1,083 |
| | <u>15,150</u> | <u>4,522</u> | <u>19,672</u> |
| Total Receipts Over/(Under) Disbursements | <u>11,331</u> | <u>1,600</u> | <u>12,931</u> |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers-In | | 10,180 | 10,180 |
| Transfers-Out | (10,180) | | (10,180) |
| Other Uses | | (916) | (916) |
| | <u>(10,180)</u> | <u>9,264</u> | <u>(916)</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 1,151 | 10,864 | 12,015 |
| Fund Cash Balances, January 1 | <u>3,793</u> | <u>72,812</u> | <u>76,605</u> |
| Fund Cash Balances, December 31 | <u>\$4,944</u> | <u>\$83,676</u> | <u>\$88,620</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, 2001 AND 2000**

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 five-member Board of Trustees. One member is appointed by the each of the following: the Village of Mount Pleasant, the Village of Dillonvale, and Mount Pleasant Township. The remaining two board members are appointed by these three Trustees. The Villages of Mount Pleasant and Dillonvale and Mount Pleasant Township also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The accompanying financial statements present this funding as Intergovernmental Receipts. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

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

B. Basis of Accounting

These financial statements follow the basis of accounting 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.

Investments are included in fund cash balances. 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.

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Cemetery had the following significant Fiduciary Fund:

**HIGHLAND UNION CEMETERY
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

E. 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>2001</u> | <u>2000</u> |
|-------------------------|-----------------|-----------------|
| Demand deposits | \$38,235 | \$48,620 |
| Certificates of deposit | 55,000 | 40,000 |
| Total deposits | <u>\$93,235</u> | <u>\$88,620</u> |

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Cemetery,

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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.



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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Highland Union Cemetery, (the Cemetery) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of Noncompliance that re required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Cemetery in a separate letter dated June 14, 2002.

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 judgment, 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 2001-31241-001 and 2001-31241-002.

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, we considered the condition described above, which is identified as item 2001-31241-002 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 June 14, 2002.

Highland Union Cemetery
Jefferson County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

June 14, 2002

**HIGHLAND UNION CEMETERY
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-31241-001

Annual Financial Report

The annual financial report as prepared by the Clerk did not account for activity by fund type and did not include beginning and ending balances.

As the annual financial report is not presented based on fund type, activities and the related costs are not matched with the monies available for specific activities. The financial report cannot be used by the Board of Trustees to make decisions based on the financial activity and resulting fund balances of the Cemetery.

The Clerk should prepare the Cemetery's annual financial report based on fund type. The report should include beginning balances, all receipts specified by source, all expenditures and ending fund balances. Adjustments, to which the Clerk has agreed, were made and are included in the accompanying financial statements.

FINDING NUMBER 2001-31241-002

Monthly Reconciliations

The following conditions were noted regarding all monthly reconciliations prepared by the Clerk.

Outstanding check lists were not complete, in that checks, which were issued and posted to the cash journal, were not included in the total of all outstanding checks.

The reconciliations were not complete in that not all reconciling items were not investigated and accounted for. Total depository balances did not reconcile to total fund balances.

Failure to prepare complete monthly reconciliations could result in errors that occur and are not detected in a timely manner.

The Cemetery Clerk should reconcile book balances to the depository balance each month. Reconciling items should be supported by appropriate documentation and significant unusual items should be investigated. The reconciliation should be reviewed and approved by the appropriate level of management. The review and approval should be documented.

**HIGHLAND UNION CEMETERY
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|----------------|----------------------------|------------------|--|
| 1999-31241-001 | Ohio Revised Code § 135.21 | Partially | A portion of Perpetual Care interest was posted to the General fund in 2000 and 2001. Amounts were material and were adjusted. This matter was reported in the management letter of the current audit. |
| 1999-31241-002 | Monthly Reconciliations | No | Reissued as Finding 2001-31241-002 |
| 1999-31241-003 | Annual Financial Report | No | Reissued as Finding 2001-31241-001 |
| 1999-31241-004 | Fund Accounting | Yes | |



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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
JULY 23, 2002**