



**Auditor of State  
Betty Montgomery**



**FOREST HILL UNION CEMETERY  
MIAMI COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Forest Hill Union Cemetery  
Miami County  
8660 North State Route 66  
Piqua, Ohio 45356

To the Board of Trustees:

We have audited the accompanying financial statements of Forest Hill Union Cemetery, Miami County, (the Cemetery), as of and for the years ended December 31, 2003 and 2002. 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 Cemetery as of December 31, 2003 and 2002, and its 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 August 3, 2004, 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.

Forest Hill Union Cemetery  
Miami County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 3, 2004

**FOREST HILL UNION CEMETERY  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>			
Taxes	\$166,482		\$166,482
Intergovernmental Receipts	17,902		17,902
Charges for Services	86,832		86,832
Sale of Lots	88,093		88,093
Earnings on Investments	813	\$78	891
Miscellaneous	10,432		10,432
	<hr/>		<hr/>
Total Cash Receipts	370,554	78	370,632
<b>Cash Disbursements:</b>			
Current:			
Health	247,913		247,913
Public Works	6,758		6,758
General Government	82,578		82,578
Miscellaneous	1,406		1,406
Capital Outlay	7,753		7,753
	<hr/>		<hr/>
Total Cash Disbursements	346,408		346,408
Total Receipts Over/(Under) Disbursements	24,146	78	24,224
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	125,487	13,348	138,835
<b>Fund Cash Balances, December 31</b>	<b><u>\$149,633</u></b>	<b><u>\$13,426</u></b>	<b><u>\$163,059</u></b>

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

**FOREST HILL UNION CEMETERY  
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Fiduciary Fund Type</b>
	<b>Nonexpendable Trust</b>
<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$2,031
Donations	5,000
Total Operating Cash Receipts	7,031
<b>Operating Cash Disbursements:</b>	
Personal Services	3,011
Supplies and Materials	353
Total Operating Cash Disbursements	3,364
Operating Income	3,667
Fund Cash Balance, January 1	126,162
<b>Fund Cash Balance, December 31</b>	<b>\$129,829</b>

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



**FOREST HILL UNION CEMETERY  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>			
Taxes	\$165,722		\$165,722
Intergovernmental Receipts	18,408		18,408
Charges for Services	89,133		89,133
Sale of Lots	46,675		46,675
Earnings on Investments	535	\$286	821
Miscellaneous	14,690		14,690
	<hr/>		<hr/>
Total Cash Receipts	335,163	286	335,449
<b>Cash Disbursements:</b>			
Current:			
Health	190,973		190,973
Public Works	7,600		7,600
General Government	81,987		81,987
Capital Outlay	3,243		3,243
Miscellaneous	1,590	725	2,315
	<hr/>		<hr/>
Total Cash Disbursements	285,393	725	286,118
Total Receipts Over/(Under) Disbursements	49,770	(439)	49,331
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	75,717	13,787	89,504
<b>Fund Cash Balances, December 31</b>	<b><u>\$125,487</u></b>	<b><u>\$13,348</u></b>	<b><u>\$138,835</u></b>

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

**FOREST HILL UNION CEMETERY  
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Earnings on Investments	<u>\$3,538</u>
Total Operating Cash Receipts	3,538
<b>Operating Cash Disbursements:</b>	
Personal Services	5,228
Supplies and Materials	<u>472</u>
Total Operating Cash Disbursements	<u>5,700</u>
Operating (Loss)	(2,162)
Fund Cash Balance, January 1	<u>128,324</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$126,162</u></u></b>

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

**FOREST HILL UNION CEMETERY  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Forest Hill Union Cemetery, Miami 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 Washington Township and the City of Piqua. These entities provide funding for 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. Budgetary presentations report budgetary expenditures when a commitment is made.

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

**C. Cash and 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 disbursements, respectively.

Certificates of deposit and savings accounts are value 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.

**FOREST HILL UNION CEMETERY  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Funds:

**Pre-Arranged Burial Fund** – This is an expendable trust fund that receives payments that are restricted and maintained for burial purposes as specified by the payee.

**Perpetual Care Fund** – This is a non-expendable trust fund which receives revenue from wills, bequests and donations that are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**E. Budgetary Process**

The Cemetery budgets each fund annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board annually approves an appropriation measure and any subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Cemetery to reserve (encumber) appropriations when commitments are made. The Cemetery did not use the encumbrance method of accounting.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Cemetery.

**FOREST HILL UNION CEMETERY  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**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:

	<b>2003</b>	<b>2002</b>
Demand deposits	\$190,730	\$164,719
Certificates of deposit	102,158	100,278
Total deposits	292,888	264,997

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

**2003 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$312,744	\$370,554	\$57,810
Expendable Trust	0	78	78
None-Expendable Trust	4,000	7,031	3,031
Total	\$316,744	\$377,663	\$60,919

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$436,000	\$346,408	\$89,592
Expendable Trust Fund	13,000	0	\$13,000
Non-Expendable Trust Fund	5,560	3,364	\$2,196
Total	\$454,560	\$349,772	\$104,788

**2002 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$303,424	\$335,163	\$31,739
Expendable Trust Fund	0	286	286
Non-Expendable Trust Fund	4,500	3,538	(962)
Total	\$307,924	\$338,987	\$31,063

**FOREST HILL UNION CEMETERY  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$372,000	\$285,393	\$86,607
Expendable Trust Fund	13,000	725	\$12,275
Non-Expendable Trust Fund	7,500	5,700	\$1,800
Total	\$392,500	\$291,818	\$100,682

Contrary to Ohio law, the Cemetery did not obtain prior certification of the availability of funds for expenditures.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Cemetery.

**5. 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. PERS employee members contributed 8.5 percent of their gross salaries, and the Cemetery contributed an amount equal to 13.55 percent of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Forest Hill Cemetery has obtained commercial insurance for comprehensive property and general liability; vehicles and equipment, and public official liability.



**Auditor of State  
Betty Montgomery**

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

Forest Hill Union Cemetery  
Miami County  
8660 North State Route 66  
Piqua, Ohio 45356

To the Board of Trustees:

We have audited the accompanying financial statements of Forest Hill Union Cemetery, Miami County, (the Cemetery), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 3, 2004. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Cemetery in a separate letter dated August 3, 2004.

**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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Cemetery in a separate letter dated August 3, 2004.

Forest Hill Union Cemetery  
Miami County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of management and 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 3, 2004



**FOREST HILL UNION CEMETERY  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2003-001**

**Certification of Expenditures**

**Ohio Revised Code Section 5705.41 (D)**, states that no order or contract involving the expenditure of money is to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

An exception to this basic requirement provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that the certification is being completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of the warrant ("Then and Now".)

The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district. Amounts of less than \$1,000 (\$3,000 after April 7, 2003), may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Prior certification that funds were available for the expenditure of Cemetery funds was not obtained from the Clerk for 100 percent of the transactions during the audit period. The lack of proper certifications could result in the Cemetery obligating funds in excess of fund balances resulting in a deficit spending situation. Certification that funds are available should be obtained prior to purchasing goods and services to prevent possible overspending of resources and/or the obligation of amounts in excess of specific line item appropriations.

The Cemetery should establish procedures for obtaining certification prior to incurring an obligation, and/or for subsequent certification and approval as provided by the exception noted above.

**FOREST HILL UNION CEMETERY  
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2001-001	Ohio Rev. Code Section 5705.41 (D), failure to certify funds	Not Corrected	Citation was repeated, see Finding #2003-001



**Auditor of State  
Betty Montgomery**

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**FOREST HILL UNION CEMETERY**

**MIAMI 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  
SEPTEMBER 2, 2004**