



Dave Yost • Auditor of State

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

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Dave Yost • Auditor of State

Mound Hill Union Cemetery
c/o City of Eaton
Preble County
328 N. Maple St.
Eaton, Ohio 45320

To the City Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

August 17, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mound Hill Union Cemetery
c/o City of Eaton
Preble County
328 N. Maple Street
Eaton, Ohio 45320

To the City Council:

We have audited the accompanying financial statements of Mound Hill Union Cemetery, Preble County, Ohio (the Cemetery), as of and for the year ended December 31, 2009 and the period January 1, 2010 to April 19, 2010. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Cemetery has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Cemetery's larger (i.e. major) funds separately. While the Cemetery does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Cemeteries to reformat their statements. The Cemetery has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2009 and the period January 1, 2010 to April 19, 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Cemetery as of April 19, 2010 and December 31, 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Mound Hill Union Cemetery, Preble County, for the year ended December 31, 2009 and the period January 1, 2010 to April 19, 2010, and its combined cash receipts and disbursements for the period on the accounting basis Note 1 describes.

As noted in Note 1, Washington Township relinquished their portion of management and control in the Cemetery and gave complete management and control of the Cemetery to the City of Eaton. The City accepted the Resolution from Washington Township on April 19, 2010, thereby dissolving the Board of Trustees and Mound Hill Union Cemetery.

The Cemetery has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2011, on our consideration of the Cemetery's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

August 17, 2011

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE PERIOD JANUARY 1, 2010 THROUGH APRIL 19, 2010**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Private Purpose Trust</u>	
Cash Receipts:				
Charges for Services	\$6,981	\$0	\$0	6,981
Sale of Lots	1,700			1,700
Earnings on Investments	154		25	179
Total Cash Receipts	<u>8,835</u>	<u>0</u>	<u>25</u>	<u>8,860</u>
Cash Disbursements:				
Current Disbursements:				
Salaries	22,438			22,438
Operating	5,416			5,416
Health Insurance	17,181			17,181
Total Cash Disbursements	<u>45,035</u>	<u>0</u>	<u>0</u>	<u>45,035</u>
Total Receipts Over/(Under) Disbursements	<u>(36,200)</u>	<u>0</u>	<u>25</u>	<u>(36,175)</u>
Fund Cash Balances, January 1	<u>120,391</u>	<u>130,145</u>	<u>31,442</u>	<u>281,978</u>
Fund Cash Balances, April 19, 2010	<u>\$84,191</u>	<u>\$130,145</u>	<u>\$31,467</u>	<u>\$245,803</u>

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

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Private Purpose Trust</u>	
Cash Receipts:				
Charges for Services	\$31,222	\$0	\$0	31,222
Sale of Lots	17,550			17,550
Intergovernmental	140,104			140,104
Earnings on Investments	2,874		404	3,278
Miscellaneous	7,038			7,038
	<u>198,788</u>	<u>0</u>	<u>404</u>	<u>199,192</u>
Cash Disbursements:				
Current Disbursements:				
Salaries	91,171			91,171
Operating	49,460			49,460
Equipment	2,800			2,800
Workers' Compensation	4,952			4,952
Health Insurance	16,308			16,308
	<u>164,691</u>	<u>0</u>	<u>0</u>	<u>164,691</u>
Total Cash Disbursements	<u>164,691</u>	<u>0</u>	<u>0</u>	<u>164,691</u>
Total Receipts Over Disbursements	<u>34,097</u>	<u>0</u>	<u>404</u>	<u>34,501</u>
Other Financing Receipts / (Disbursements):				
Transfers-In		20,000		20,000
Transfers-Out	(20,000)			(20,000)
	<u>(20,000)</u>	<u>20,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts / (Disbursements)	<u>(20,000)</u>	<u>20,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	14,097	20,000	404	34,501
Fund Cash Balances, January 1	<u>106,294</u>	<u>110,145</u>	<u>31,038</u>	<u>247,477</u>
Fund Cash Balances, December 31	<u>\$120,391</u>	<u>\$130,145</u>	<u>\$31,442</u>	<u>\$281,978</u>

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

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2009 TO APRIL 19, 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Mound Hill Union Cemetery, Preble County, Ohio (the Cemetery). The City of Eaton and Washington Township appoint a three-member Board of Trustees to direct cemetery operations. These entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The accompanying financial statements present this funding as Intergovernmental Receipts. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

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

Washington Township relinquished their portion of management and control in the Cemetery and gave complete management and control of the Cemetery to the City of Eaton. The City accepted the Resolution from Washington Township on April 19, 2010, thereby dissolving the Board of Trustees and Mound Hill Union Cemetery.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Cemetery recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Deposits

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

The Capital Projects Fund is used to set aside monies for future expansion, improvements and maintenance to the Cemetery.

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2009 TO APRIL 19, 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Cemetery's own programs.

The Cemetery's private purpose trust funds are as follows:

Francis and Brower Trust Fund – This fund is used to account for the perpetual maintenance of the graves of Richard Francis and Fred and Rebecca Brower. This is a nonexpendable trust fund that did not have any disbursements during 2009 and as of April 19, 2010. Interest is posted to, and expended from, the general fund. The restricted amount which may not be spent is \$10,000.

Perpetual Care Fund – This fund receives investment income from various trusts and is used for the perpetual maintenance of these graves.

E. Budgetary Process

The Ohio Revised Code does not require the Cemetery to budget funds annually. However, the Cemetery prepares appropriations for the General Fund annually.

F. Property, Plant, and Equipment

The Cemetery records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

The Cemetery maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2009 and April 19, 2010 was as follows:

	2010	2009
Demand deposits	\$78,346	\$114,608
Certificates of deposit	30,524	30,520
Other time deposits (savings and NOW accounts)	136,933	136,850
Total deposits	245,803	281,978

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2009 TO APRIL 19, 2010
(Continued)**

3. Retirement Systems

The Cemetery's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Cemetery contributed an amount equaling 14% of participants' gross salaries. The Cemetery has paid all contributions required through April 19, 2010.

4. Risk Management

Commercial Insurance

The Cemetery has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Cemetery also provides health insurance to full-time employees through a private carrier.

5. Related Party Transactions

The Cemetery's Sexton's wife and son were employed part-time by the Cemetery during both 2009 and as of April 19, 2010. The Board hired and approved all rates but the Sexton approved all hours worked for these part-time employees. The Sexton's wife received wages totaling \$5,040 in 2009 and \$144 as of April 19, 2010. The Sexton's son received wages totaling \$3,920 in 2009 and \$400 as of April 19, 2010.

6. Financial Activity After April 19, 2010

Fund Cash Balances, April 19	\$ 245,801
Interest	313
Payroll	(13,420)
Workers Compensation	(5,486)
Operating Expenses	(213)
Transfer to City of Eaton	<u>(226,995)</u>
Balance at July 31, 2011	<u><u>\$ 0</u></u>

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

Mound Hill Union Cemetery
c/o City of Eaton
Preble County
328 N. Maple Street
Eaton, Ohio 45320

To the City Council:

We have audited the financial statements of Mound Hill Union Cemetery, Preble County, Ohio (the Cemetery), as of and for the year ended December 31, 2009 and the period January 1, 2010 to April 19, 2010 and have issued our report thereon dated August 17, 2011 wherein we noted the Cemetery followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and noted that the Cemetery dissolved as of April 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Cemetery's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Cemetery's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-02 described in the accompanying schedule of findings 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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-01.

We also noted certain matters not requiring inclusion in this report that we reported to the Cemetery's management in a separate letter dated August 17, 2011.

We intend this report solely for the information and use of management, the audit committee, management and City Council and others within the Cemetery. We intend it for no one other than these specified parties.

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

August 17, 2011

**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE PERIOD JANUARY 1, 2009 TO APRIL 19, 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Finding for Recovery

Ohio Revised Code, Section 149.351(A), provides that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Sections 149.38 to 149.42 of the Ohio Revised Code.

Contrary to this section, the supporting documentation for an expenditure to Office Max was altered to remove the dates. Utilizing the altered invoice as documentation, the Former Fiscal Officer received a reimbursement of \$112 for items purchased. The item for which the supporting documentation was altered is included in this Finding For Recovery below. We recommend the Cemetery maintain all unaltered supporting documentation for disbursements made and no expenditures should be made until support is attached for every item being purchased or reimbursed.

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Betsy Anspaugh, Formal Fiscal Officer in the amount of \$112 in favor of the Mound Hill Union Cemetery's General Fund.

FINDING NUMBER 2010-02

Material Weakness

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

The Board of Trustees failed to monitor and sign vouchers for disbursements indicating their approval of the payments prior to payment being made for the entire audit period. This could result in material misstatement on the financial statements due to misclassification of the disbursements and/ or not reporting the disbursement in the proper year. In addition, this resulted in an expenditure being made with altered supporting documentation and a subsequent finding for recovery. The lack of management oversight and failure to monitor and approve disbursements prior to making payments may lead to the misappropriation of Cemetery assets.

We recommend the Board of Trustees review all disbursements for proper line item classification and period posted, alterations, accuracy and proper public purpose, indicating their approval of disbursements presented for payment by signature. The Cemetery should document such review and approval in the official minute record.

Official's Response:

We did not receive a response from Officials for the findings above.

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**MOUND HILL UNION CEMETERY
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009 AND THE PERIOD
JANUARY 1, 2009 TO APRIL 19, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Finding for recovery for recovery repaid under audit for failure to maintain proper supporting documentation for purchase	No	Not Corrected – Auditors also issued a finding for recovery in 2010-01
2008-002	Failure to monitor and approval expenditures	No	Not Corrected – Reissued as Finding 2010-02

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MOUND HILL UNION CEMETERY

PREBLE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 13, 2011**