



**Auditor of State
Betty Montgomery**

**FOREST HILL UNION CEMETERY
MIAMI COUNTY**

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**Auditor of State
Betty Montgomery**

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

To the Board of Trustees:

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 a February 2, 2005 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 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 12, 2006

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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, 2005 and 2004. 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.

Revisions to GAAP would require the Cemetery to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004 the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Cemetery has elected not to reformat its statements. Since this Cemetery does not use GAAP to measure financial statement amounts, 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, 2005 and 2004 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 December 31, 2005 and 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Forest Hill Union Cemetery, Miami County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Cemetery to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 September 12, 2006, 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.



Betty Montgomery
Auditor of State

September 12, 2006

**FOREST HILL UNION CEMETERY
MIAMI 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, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Fiduciary Funds</u>	
Cash Receipts:			
Local Taxes	\$175,847		\$175,847
Intergovernmental	18,907		18,907
Charges for Services	106,239		106,239
Sale of Lots	42,798		42,798
Interest	273	\$3,079	3,352
Miscellaneous	10,202	5,000	15,202
	<u>354,266</u>	<u>8,079</u>	<u>362,345</u>
Cash Disbursements:			
Current:			
Salaries	216,485	1,674	218,159
Supplies	19,787	190	19,977
Equipment	5,447		5,447
Contracts - Services	16,759		16,759
Public Employees' Retirement	19,566		19,566
Workers' Compensation	7,055		7,055
Miscellaneous	33,975		33,975
Capital Outlay	16,095		16,095
	<u>335,169</u>	<u>1,864</u>	<u>337,033</u>
Total Receipts Over/(Under) Disbursements	<u>19,097</u>	<u>6,215</u>	<u>25,312</u>
Fund Cash Balances, January 1	<u>65,579</u>	<u>143,344</u>	<u>208,923</u>
Fund Cash Balances, December 31	<u>\$84,676</u>	<u>\$149,559</u>	<u>\$234,235</u>

**FOREST HILL UNION CEMETERY
MIAMI 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, 2004**

	<u>Governmental Fund Types</u>	<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>		<u>General</u>
Cash Receipts:			
Local Taxes	\$168,418		\$168,418
Intergovernmental	18,488		18,488
Charges for Services	92,742		92,742
Sale of Lots	70,625		70,625
Interest	497	\$1,637	2,134
Miscellaneous	13,164		13,164
	<hr/>		<hr/>
Total Cash Receipts	363,934	1,637	365,571
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Salaries	224,737	1,278	226,015
Supplies	15,720	270	15,990
Equipment	8,905		8,905
Contracts - Services	95,291		95,291
Public Employees' Retirement	21,598		21,598
Workers' Compensation	7,300		7,300
Miscellaneous	35,977		35,977
Capital Outlay	38,460		38,460
	<hr/>		<hr/>
Total Disbursements	447,988	1,548	449,536
	<hr/>		<hr/>
Total Receipts Over/(Under) Disbursements	(84,054)	89	(83,965)
	<hr/>		<hr/>
Fund Cash Balances, January 1	149,633	143,255	292,888
	<hr/>		<hr/>
Fund Cash Balances, December 31	<u>\$65,579</u>	<u>\$143,344</u>	<u>\$208,923</u>

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, 2005 AND 2004**

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 Forest Hill Union Cemetery, Miami County, (the Cemetery) as a body corporate and politic. The City of Piqua 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.

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 basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Cemetery records certificates of deposit 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 presents all financial resources except those required to be accounted for in another fund.

2. Fiduciary Funds (Trust Funds)

These funds 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:

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 an expendable trust fund that receives revenue from wills, bequests and donations that are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**FOREST HILL UNION CEMETERY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Cemetery's Board budgets each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements) may not exceed appropriations at the fund level of control. The Board annually approves appropriation measures and subsequent amendments. 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.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The financial statements report acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The financial statements do not report these items as assets.

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. The financial statements do not report unpaid vacation and sick leave as liabilities.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2005</u>	<u>2004</u>
Demand deposits	\$107,220	\$105,273
Certificates of deposit	127,015	103,650
Total deposits	<u>\$234,235</u>	<u>\$208,923</u>
U.S. Treasury Notes		

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**FOREST HILL UNION CEMETERY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$346,405	\$354,266	\$7,861
Fiduciary (Trust Funds)	2,000	8,079	6,079
Total	\$348,405	\$362,345	\$13,940

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$411,000	\$335,169	\$75,831
Fiduciary (Trust Funds)	16,266	1,864	14,402
Total	\$427,266	\$337,033	\$90,233

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$320,480	\$363,934	\$43,454
Fiduciary (Trust Funds)	3,500	1,637	(1,863)
Total	\$323,980	\$365,571	\$41,591

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$470,000	\$447,988	\$22,012
Fiduciary (Trust Funds)	17,329	1,548	15,781
Total	\$487,329	\$449,536	\$37,793

4. 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 the plan's retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 8.5 percent of their wages. The Cemetery contributed an amount equal to 13.55 percent of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2005.

5. RISK MANAGEMENT

Commercial Insurance

The Forest Hill Cemetery has obtained commercial insurance for comprehensive property and general liability.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the Forest Hill Union Cemetery, Miami County, (the Cemetery), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 12, 2006, 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. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Cemetery's management dated September 12, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Cemetery's management dated September 12, 2006, we reported another matter related to noncompliance we deemed immaterial.

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Forest Hill Union
Miami County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for 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

September 12, 2006

**FOREST HILL UNION CEMETERY
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	The Cemetery did not obtain prior certification prior to obligating funds.	N/A	This section of the Ohio Rev. Code is not applicable to the Cemetery at this time. Further investigation revealed the cemetery is a union cemetery not a union cemetery district.



**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
OCTOBER 10, 2006**