



Dave Yost • Auditor of State



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Hicksville Union Cemetery
707 North Main Street
Hicksville, Ohio 43526-1147

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of Hicksville Union Cemetery, Defiance County, Ohio (the Cemetery) for the years ended December 31, 2013 and 2012.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Cemetery's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Cemetery's financial statements, transactions or balances for the years ended December 31, 2013 or 2012.

The Cemetery's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Current Year Observations

1. Accounting Records:

The following items were noted during the review of the Cemetery accounting records:

- The Cemetery's December 2013 and 2012 financial report revenues and disbursements line items were not properly classified by receipt source or by disbursement program.
- A cash journal, which typically includes the amount, date, receipt number, check number, account code, and any other information necessary to properly classify the transaction, was not maintained for the Cemetery Restoration Fund and the Cemetery Endowment Fund.
- A revenue ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt was not maintained for the Cemetery Restoration Fund or the Cemetery Endowment Fund.
- An appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution was not maintained for the Cemetery Restoration Fund or the Cemetery Endowment Fund.
- A revenue ledger maintained for the General Fund did not include a column for all types of receipts and did not reconcile to the total revenues in the cash journal.

The lack of maintaining proper accounting records resulted in errors occurring without detection by the Fiscal Officer and the Board of Trustees.

We recommend the Fiscal Officer maintain a cash ledger for all funds, a revenue ledger by fund for each type of receipts, an appropriation ledger by fund for each type of disbursement, and use standard accounting line items to classify the receipts by source and the disbursements by object. Using standard classifications and the aforementioned accounting records will provide the Cemetery with information required to monitor compliance with the budget,

2. Bank Reconciliations:

Reconciling cash is a critical control in assuring all transactions are posted accurately and in the proper accounting period. The following items were noted during the examination of the December 31, 2013 bank reconciliation:

- Interest in the amount of \$199.07 (\$95.39 in 2012 and \$103.68 in 2013) earned from the Cemetery Endowment Fund certificate of deposit was not posted to the Cemetery Endowment Fund general ledger or revenue ledger.
- Bank charges in the amount of \$51.00 charged to the Cemetery Restoration Fund checking account during 2013 was not posted to the Cemetery Restoration Fund disbursement ledger.
- The December 31, 2013 bank balances for the Cemetery Restoration Fund checking account (\$3,443.83) and the Cemetery Endowment Fund certificate of deposit (\$31,045.68) were not included in the bank reconciliation.

These errors resulted in the Cemetery's December 31, 2013 fund balances not reconciling to the Cemetery December 31, 2013 bank reconciliation. In order to provide better assurance the Cemetery's month end fund balances reconcile to the Cemetery's month end bank balance, we recommend the Fiscal Officer reconcile all bank accounts monthly, review the bank statements and cash book to determine the sources of variances, and correct any errors noted. We further recommend the Cemetery Board of Trustees periodically compare the bank balances per the bank reconciliation to the bank statements for all bank accounts and the book balance to the cash book balance to verify the correct amounts are reported on the bank reconciliation.

3. Preparation of Budget

Sound accounting practices require regular and thorough monitoring of the Cemetery's financial activity by management. A key aspect of this monitoring process includes preparation of, and continuing adherence to, budget limits established by the Board.

While the Cemetery did prepare an annual budget, the amounts were not integrated into the accounting system and no reports comparing budgeted amount to the actual revenues and disbursements were prepared.

We recommend the Fiscal Officer post the budget amounts to the revenue ledger and appropriation ledger. Also budget versus actual receipts and disbursements reports should be prepared and reviewed by the Board of Trustees and the Fiscal Officer on a regular basis.

4. Debt

The Cemetery obtained a 60 day bank loan for \$3,100 on December 22, 2012 at 6.6% interest to prevent a deficit balance in the General fund. The loan proceeds and bank issue fees were understated by \$100 in the General Fund in 2012.

Using bank loans to finance general operating expenses is not a financially sound practice. We recommend the Board of Trustees review their financial activity and either increase fees, negotiate an agreement with the Village of Hicksville to increase the amount they will provide to the Cemetery, or

determine ways to reduce expenditures to prevent this from occurring in the future. Also, the Board of Trustees should use budget versus actual statements to aid in determining whether revenues and expenditures are meeting expectations to prevent deficits from occurring. We further recommend, the Fiscal Officer post all revenues and disbursement transactions to the Cemetery's cash book, revenue ledger, and appropriation ledger and this activity be routinely monitored by the Board of Trustees.

Current Status of Matters we Reported in our Prior Engagement

Similar issues as noted in comments 1, 2 and 4 were also made in the prior audit report.

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

June 30, 2014

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HICKSVILLE UNION CEMETERY

DEFIANCE 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 10, 2014**