



OHIO AUDITOR OF STATE  
**KEITH FABER**





**FOREST HILL UNION CEMETERY  
MIAMI COUNTY  
DECEMBER 31, 2019 AND 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Forest Hill Union Cemetery, Miami County, Ohio (the Cemetery) as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Cemetery's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Cemetery's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our adverse and qualified audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Cemetery prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Cemetery does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Additional Opinion Qualification* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Cemetery as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

We were unable to obtain sufficient appropriate audit evidence supporting the amounts reported as fund cash balance in the general fund and private purpose trust fund and earnings on investments for the private purpose trust fund for the years ended December 31, 2019 and 2018. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matters described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements by fund type, and related notes of the Forest Hill Union Cemetery, Miami County, as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cemetery's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized 'K' and 'F'.

Keith Faber  
Auditor of State  
Columbus, Ohio

August 3, 2020

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**Forest Hill Union Cemetery  
Miami County**

**Statement of Receipts, Disbursements and  
Change In Fund Balance (Cash Basis)  
Governmental Fund Type  
For the Year Ended December 31, 2019**

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	<u>General</u>
<b>Cash Receipts</b>	
Property and Other Local Taxes	\$146,328
Charges for Services	106,958
Sale of Lots	81,095
Intergovernmental	19,917
Rental Income	14,755
Grants & Donations	37,018
Farm Income	6,552
Miscellaneous	9,663
	<hr/>
Total Cash Receipts	422,286
	<hr/>
<b>Cash Disbursements</b>	
Current Disbursements:	
Salaries	201,334
Supplies & Materials	6,861
Uniforms	3,324
Office Expense	35,460
Utilities	5,839
Public Employees' Retirement	28,667
Workers' Compensation and Health Insurance	34,824
Medicare	2,976
Building Repair and Upkeep	3,061
Miscellaneous	41,536
Grant Projects	7,193
Capital Outlay	11,940
	<hr/>
<i>Total Cash Disbursements</i>	383,015
	<hr/>
<i>Net Change in Fund Cash Balance</i>	39,271
	<hr/>
<i>Fund Cash Balances, January 1</i>	145,737
	<hr/>
<b>Fund Cash Balances, December 31</b>	
Unassigned	185,008
	<hr/>
Fund Cash Balances, December 31	<u>\$185,008</u>

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

**Forest Hill Union Cemetery  
Miami County**

**Statement of Receipts, Disbursements and  
Change In Fund Balance (Cash Basis)  
Fiduciary Fund Type  
For the Year Ended December 31, 2019**

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	<u>Private Purpose Trust Fund</u>
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$2,708
Total Operating Cash Receipts	<u>2,708</u>
<b>Operating Cash Disbursements</b>	
Current Disbursements	<u>0</u>
Total Operating Cash Disbursements	<u>0</u>
Operating Income	<u>2,708</u>
Fund Cash Balances, January 1	<u>122,213</u>
<b>Fund Cash Balances, December 31</b>	<u><u>124,921</u></u>

**Forest Hill Union Cemetery  
Miami County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

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**Note 1 – Reporting 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). The City of Piqua and Washington Township appoint a three-member Board of Trustees to direct cemetery operations. These entities levy a property tax on behalf of the Cemetery to meet the Cemetery's operating costs under the agreement which established the Cemetery. The accompanying financial statements classify the tax levy as property taxes. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

The Piqua Community Foundation is a separate entity that provides tax exemption status to donors for specific funds set up by private individuals to provide support to the Cemetery. All donated funds are approved for distribution by the Foundation's Board of Directors. The Piqua Community Foundation was determined to be a separate and independent organization and its financial statements are not required to be included in this report. See additional information in Note 8.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Cemetery's financial statements consist of a statement of receipts, disbursements and change in fund balance (cash basis) for the governmental and fiduciary fund types which is organized on a fund type basis.

***Fund Accounting***

The Cemetery uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Cemetery are presented below:

***General Fund*** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Cemetery for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Fiduciary Funds*** - Fiduciary funds include private purpose trust 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 had the following significant fiduciary fund:

***Perpetual Care Fund*** - This fund has received revenue from wills, bequests, and donations to be used for individual grave sites as specified by the donor.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

**Forest Hill Union Cemetery  
Miami County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Deposits***

The Cemetery accounts for certificates of deposit at cost and has no investments.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Cemetery must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** - The Cemetery classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** - Trustees can *commit* amounts via formal action (resolution). The Cemetery must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Cemetery Trustees or a Cemetery official delegated that authority by resolution, or by State Statute.

***Unassigned*** - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**Forest Hill Union Cemetery  
Miami County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

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The Cemetery applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Deposits**

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

	2019
Demand deposits	\$196,161
Certificates of deposit	\$113,768
Total deposits	309,929

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 4 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing authority.

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

**Note 5 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Cemetery pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Forest Hill Union Cemetery**  
**Miami County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

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***Commercial Insurance***

The Cemetery has obtained commercial insurance for the following risks:

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

**Note 6 – Defined Benefit Pension Plans**

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. 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 December 31, 2019.

**Note 7 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4 percent during calendar year 2019.

**Note 8 – The Piqua Community Foundation**

The Piqua Community Foundation (the "Foundation") is a not-for-profit corporation that was created in 1993 and manages a variety of funds ranging from donor designated to unrestricted, including two funds related to the Forest Hill Union Cemetery. The Foundation was formed with a common goal to encourage charitable giving to benefit the citizens of Piqua, and provides a variety of methods for donors to help fulfill their charitable giving wishes. Unaudited financial statements of the Foundation may be obtained by contacting Karen Wendeln, Executive Director at 209 W. Ash Street, P.O. Box 226, Piqua, Ohio 45356.

**Note 9 – Subsequent Events**

The Cemetery approved a contract on February 5, 2020 for a cemetery expansion and new maintenance building for a total cost of \$40,700.

The Cemetery also purchased a backhoe on April 7, 2020 for \$60,000.

**Forest Hill Union Cemetery  
Miami County**

**Statement of Receipts, Disbursements and  
Change In Fund Balance (Cash Basis)  
Governmental Fund Type  
For the Year Ended December 31, 2018**

	General
<b>Cash Receipts</b>	
Property and Other Local Taxes	\$148,112
Charges for Services	118,702
Sale of Lots	60,975
Intergovernmental	20,041
Rental Income	15,225
Grants & Donations	6,872
Farm Income	6,552
Miscellaneous	11,772
	388,251
<b>Total Cash Receipts</b>	<b>388,251</b>
<b>Cash Disbursements</b>	
Current Disbursements:	
Salaries	195,244
Supplies & Materials	9,001
Uniforms	3,946
Office Expense	33,898
Utilities	6,459
Public Employees' Retirement	27,489
Workers' Compensation and Health Insurance	32,407
Medicare	2,903
Bridge and Road	10,557
Building Repair and Upkeep	6,635
Miscellaneous	58,467
Capital Outlay	45,835
	432,841
<b>Total Cash Disbursements</b>	<b>432,841</b>
Net Change in Fund Cash Balance	(44,590)
Fund Cash Balances, January 1	190,327
	190,327
<b>Fund Cash Balances, December 31</b>	
Unassigned	145,737
	145,737
<b>Fund Cash Balances, December 31</b>	<b>145,737</b>

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

**Forest Hill Union Cemetery  
Miami County**

**Statement of Receipts, Disbursements and  
Change In Fund Balance (Cash Basis)  
Fiduciary Fund Type  
For the Year Ended December 31, 2018**

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	<u>Private Purpose Trust Fund</u>
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$1,452
Total Operating Cash Receipts	<u>1,452</u>
<b>Operating Cash Disbursements</b>	
Supplies & Materials	96
Perpetual Care	1,446
Total Operating Cash Disbursements	<u>1,542</u>
Operating Income (Loss)	(90)
Fund Cash Balances, January 1	<u>122,303</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$122,213</u></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**  
**For the Year Ended December 31, 2018**

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**Note 1 – Reporting 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). The City of Piqua and Washington Township appoint a three-member Board of Trustees to direct cemetery operations. These entities levy a property tax on behalf of the Cemetery to meet the Cemetery's operating costs under the agreement which established the Cemetery. The accompanying financial statements classify the tax levy as property taxes. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

The Piqua Community Foundation is a separate entity that provides tax exemption status to donors for specific funds set up by private individuals to provide support to the Cemetery. All donated funds are approved for distribution by the Foundation's Board of Directors. The Piqua Community Foundation was determined to be a separate and independent organization and its financial statements are not required to be included in this report. See additional information in Note 8.

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**Forest Hill Union Cemetery  
Miami County  
Notes to the Financial Statements  
For the Year Ended December 31, 2018**

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Deposits***

The Cemetery accounts for certificates of deposit at cost and has no investments.

***Capital Assets***

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**Forest Hill Union Cemetery  
Miami County  
Notes to the Financial Statements  
For the Year Ended December 31, 2018**

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The Cemetery applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Deposits**

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

	2018
Demand deposits	\$156,737
Certificates of deposit	\$111,213
Total deposits	267,950

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 4 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing authority.

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

**Note 5 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Cemetery pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Forest Hill Union Cemetery  
Miami County  
Notes to the Financial Statements  
For the Year Ended December 31, 2018**

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***Commercial Insurance***

The Cemetery has obtained commercial insurance for the following risks:

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

**Note 6 – Defined Benefit Pension Plans**

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. 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 December 31, 2018.

**Note 7 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4 percent during calendar year 2018.

**Note 8 – The Piqua Community Foundation**

The Piqua Community Foundation (the "Foundation") is a not-for-profit corporation that was created in 1993 and manages a variety of funds ranging from donor designated to unrestricted, including two funds related to the Forest Hill Union Cemetery. The Foundation was formed with a common goal to encourage charitable giving to benefit the citizens of Piqua, and provides a variety of methods for donors to help fulfill their charitable giving wishes. Unaudited financial statements of the Foundation may be obtained by contacting Karen Wendeln, Executive Director at 209 W. Ash Street, P.O. Box 226, Piqua, Ohio 45356.

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Forest Hill Union Cemetery, Miami County, (the Cemetery) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated August 3, 2020 wherein we noted the Cemetery followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as fund balance for the general fund and private purpose trust fund and earnings on investments for the private purpose trust fund.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Cemetery's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Cemetery's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Cemetery's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Cemetery's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Cemetery's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 3, 2020

**FOREST HILL UNION CEMETERY  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**Material Weakness – Private Purpose Trust Fund**

GASB Statement 54, paragraph 35 (GASB Codification 1300.108) states private-purpose trust funds should be used to report situations in which the government is required to use the principal or earnings for the benefit of individuals, private organizations, or other governments.

The Cemetery maintained a private purpose trust fund known as the perpetual care fund with a fund cash balance of \$124,921 and \$122,213 at December 31, 2019 and 2018, respectively. However, the Cemetery could not provide underlying evidence to support that a large portion of the related fund balance was received by the Cemetery for the benefit of individuals, private organizations, or other governments.

Due to the nature of the private purpose trust fund cash balance, we could not determine whether the related fund cash balance should be reported within the private purpose trust fund, general fund, or some other fund type. Therefore, we have modified our financial statement opinion related to all fund balances of the Cemetery for 2019 and 2018. In addition, because interest earnings for the Cemetery is derived from the private purpose trust fund balance, we have also modified our financial statement opinion related to private purpose trust fund earnings on investments revenue for 2019 and 2018.

This matter has been caused by the Cemetery not maintaining appropriate supporting documents for funds that have been given to the Cemetery over the course of many years.

Failure to support the allowable use of private purpose trust money could lead to material financial statement errors, misleading financial statement information, a modified financial statement opinion, an inability by the Cemetery to determine how these funds can or must be spent, and a lack of understanding by the Cemetery related to required upkeep of specific Cemetery grave sites.

Failure to maintain supporting documentation for a bequest or donation that shows the origin and purpose of the monies could lead to improper accounting and use of the fund balances. This could also lead to financial statement misstatements.

The Cemetery should implement procedures to maintain original bequest/donation documents or any other appropriate support for any receipts that are received for private purpose trust purposes. The Cemetery should also perform a comprehensive review of this fund to verify that financial activity and balances are recorded and reported in the proper fund type. If appropriate underlying supporting documents cannot be obtained for any portion of the private purpose trust fund balance, the Cemetery should seek guidance from its legal counsel on the proper use and reporting of such funds.

**Officials' Response:** We did not receive a response from Officials to this finding.

**FINDING NUMBER 2019-002**

**Material Weakness – Fund Classification**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs A14 and A16.

**FINDING NUMBER 2019-002  
(Continued)**

Governmental Accounting Standards Board (GASB) Statement 54, paragraph 17 (GASB Codification 1800.177) states unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. On the 2019 and 2018 financial statements, the Cemetery did not report a fund balance classification for the general fund balance as it was reported as general fund cash balance. The 2019 and 2018 financial statements were modified to properly report the Cemetery's general fund balance as unassigned fund balance.

GASB Statement 54, paragraph 35 (GASB Codification 1300.108) states private-purpose trust funds should be used to report situations in which the government is required to use the principal or earnings for the benefit of individuals, private organizations, or other governments. The Cemetery's private purpose trust fund was incorrectly reported on the 2019 and 2018 financial statements as non-expendable trust fund, which is not an existing fund type within current governmental accounting reporting framework. The 2019 and 2018 financial statements were modified to properly report the activity within the private purpose trust fund.

The above errors occurred due to lack of knowledge related to creating the annual financial statements.

Failure to properly report financial activity could lead to material financial statement errors and misleading financial statement information.

The Cemetery should establish and implement policies and procedures to verify that all financial activity is properly reported. The Cemetery should also perform a review of all Cemetery funds and determine proper reporting of fund balances in accordance with GASB 54 requirements and also review Auditor of State Bulletin 2011-004 for additional guidance related to fund balance reporting.

**Officials' Response:** We did not receive a response from Officials to this finding.



# OHIO AUDITOR OF STATE KEITH FABER



**FOREST HILL UNION CEMETERY**

**MIAMI COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/18/2020**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)