



Dave Yost • Auditor of State



HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY

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# Dave Yost • Auditor of State

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

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 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.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

October 29, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Hicksville Union Cemetery, Defiance County, Ohio (the Cemetery), as of and for the years ended December 31, 2011 and 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. In addition, the Cemetery failed to adopt the provisions of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011 as mandated by Auditor of State Bulletin 2011-004 for regulatory basis financial statements.

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 governments 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 years ended December 31, 2011 and 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 December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, except for the effects of not adopting the provisions of Governmental Accounting Standards Board Statement No. 54 for the year ended December 31, 2011, as described in the third preceding paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of Hicksville Union Cemetery, Defiance County, Ohio and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2012, 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.

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

October 29, 2012



**HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts:</b>				
Intergovernmental	\$43,636			\$43,636
Sale of Lots	2,175			2,175
Grave Openings	13,700			13,700
Earnings on Investments	31		\$295	326
Miscellaneous	74			74
<i>Total Cash Receipts</i>	<u>59,616</u>		<u>295</u>	<u>59,911</u>
<b>Cash Disbursements:</b>				
Current Disbursements:				
Salaries	21,720			21,720
Fringe Benefits	8,890			8,890
Utilities	185			185
Maintenance	744			744
Grave Openings	4,800			4,800
Public Employees' Retirement	4,362			4,362
Bureau of Workman's Compensation	712			712
Insurance	809			809
Health Insurance	4,975			4,975
Miscellaneous	1,167	\$58	60	1,285
Supplies and Materials	1,779			1,779
Capital Outlay	2,013			2,013
<i>Total Cash Disbursements</i>	<u>52,156</u>	<u>58</u>	<u>60</u>	<u>52,274</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>7,460</u>	<u>(58)</u>	<u>235</u>	<u>7,637</u>
<b>Other Financing Receipts</b>				
Other Sources	1,330			1,330
<i>Net Change in Fund Cash Balances</i>	8,790	(58)	235	8,967
<i>Fund Cash Balances, January 1</i>	<u>12,330</u>	<u>1,490</u>	<u>32,496</u>	<u>46,316</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$21,120</u></u>	<u><u>\$1,432</u></u>	<u><u>\$32,731</u></u>	<u><u>\$55,283</u></u>

**HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts:</b>				
Intergovernmental	\$31,212			\$31,212
Sale of Lots	4,755			4,755
Grave Openings	10,000			10,000
Earnings on Investments	31	\$1	\$666	698
Miscellaneous	2,814	65		2,879
<i>Total Cash Receipts</i>	<u>48,812</u>	<u>66</u>	<u>666</u>	<u>49,544</u>
<b>Cash Disbursements:</b>				
Current Disbursements:				
Salaries	21,957			21,957
Fringe Benefits	5,588			5,588
Utilities	186			186
Maintenance	380			380
Grave Openings	3,650			3,650
Public Employees' Retirement	7,477			7,477
Bureau of Workman's Compensation	1,092			1,092
Audit Costs	3,458			3,458
Insurance	611			611
Health Insurance	4,767			4,767
Miscellaneous	1,685	19	25	1,729
Supplies and Materials	1,194			1,194
Capital Outlay	3,582	2,069		5,651
<i>Total Cash Disbursements</i>	<u>55,627</u>	<u>2,088</u>	<u>25</u>	<u>57,740</u>
<i>Net Change in Fund Cash Balances</i>	<u>(6,815)</u>	<u>(2,022)</u>	<u>641</u>	<u>(8,196)</u>
<i>Fund Cash Balances, January 1</i>	<u>19,145</u>	<u>3,512</u>	<u>31,855</u>	<u>54,512</u>
<i>Fund Cash Balances, December 31</i>	<u>\$12,330</u>	<u>\$1,490</u>	<u>\$32,496</u>	<u>\$46,316</u>

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

**HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 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 Hicksville Union Cemetery, Defiance County, Ohio (the Cemetery), as a body corporate and politic. Hicksville Township Trustees and Village of Hicksville Council 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.

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

**C. Deposits**

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

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Cemetery had the following significant Special Revenue Fund:

Cemetery Restoration Fund - This fund receives intergovernmental receipts and donations to pay for cemetery monument improvements.

**HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**3. Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Cemetery's programs. The Cemetery had the following significant Permanent Fund:

Cemetery Endowment Fund - This fund receives interest earned on fund investments. These earnings are used for the general maintenance and upkeep of grave sites.

**E. 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.

**2. Equity in Pooled 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:

	<u>2011</u>	<u>2010</u>
Demand deposits	\$41,042	\$32,421
Certificates of deposit	14,241	13,895
Total deposits	<u>\$55,283</u>	<u>\$46,316</u>

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

**3. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2011, OPERS employee members contributed 10 percent of their gross salaries. The Cemetery contributes an amount equal to 14 percent of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2011.

HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)

**4. Risk Management**

The Cemetery insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**Commercial Insurance**

The Cemetery has obtained commercial insurance for the following risks:

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

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

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

To the Board of Trustees:

We have audited the financial statements of Hicksville Union Cemetery, Defiance County, Ohio (the Cemetery), as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated October 29, 2012 wherein we noted the Cemetery followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United State of America. We also noted the Cemetery did not adopt the provision of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for 2011. 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 2011-001 described in the accompanying schedule of findings to be 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Cemetery's management in a separate letter dated October 29, 2012.

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

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**Dave Yost**  
Auditor of State

October 29, 2012



**HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-001**

**Material Weakness - Financial Reporting**

Accurate financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Cemetery's activity.

The 2011 and 2010 financial statements contained material errors such as the following:

1. In 2010 General Fund Miscellaneous expenditures line item was overstated by \$9,704. In addition, several General Fund expenditure line items were understated including: Capital Outlay \$3,582, Audit Costs \$3,458, Supplies and Materials \$1,194, Bureau of Workman's Compensation \$1,092, Insurance \$611, and Fringe Benefits \$20.
2. The Cemetery Endowment fund in 2010 did not have interest income from bank accounts posted which totaled (\$666), also bank service charges were not posted totaling (\$25).
3. In 2011 various line items in the General Fund were overstated including Transfers in by \$3,504 and Miscellaneous Expenditures by \$5,338. In addition the following line items were understated including, Sale of Lots \$750, Grave Openings \$1,800, Other Sources \$1,330, Capital Outlay \$2,013, Supplies and Materials \$1,779, Insurance \$809, Bureau of Workman's Compensation \$712, and fringe benefits \$63.
4. In 2010 the Cemetery Endowment fund did not include Interest income of \$666, also bank service charges for \$25 were not included on the Cemetery's financial statements.
5. In 2011 the Cemetery Endowment fund did not include Interest Income of \$295 or Bank fees of \$60.

As a result, the financial statements did not correctly reflect the financial activity of the Cemetery. This was caused by the Fiscal Officer improperly carrying forward financial activity from the Cashbook to the financial statements. In addition, there was no separate receipt or expenditure ledger for the Cemetery General Fund, Restoration Fund or Endowment Fund. Adjustments were posted to the financial statements to correct these and other errors. To ensure the Cemetery's financial statements are complete and accurate:

- The Fiscal Officer should develop revenue and expenditure ledgers for each fund of the Cemetery. Each ledger would include accumulated line items that would be carried forward to the annual financial statements.
- The Board of Trustees should consider obtaining a computer financial reporting package which would greatly reduce the likelihood of errors occurring in the transfer of financial information from one financial record to another.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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HICKSVILLE UNION CEMETERY  
DEFIANCE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Monitoring of Financial Activity- incorrect recording of transactions.	No	Not Corrected. Reissued in this report as Finding 2011-001

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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  
NOVEMBER 20, 2012