



OHIO AUDITOR OF STATE
KEITH FABER



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Greenmound Union Cemetery
Darke County
PO Box 314
New Madison, Ohio 45346

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Greenmound Union Cemetery, Darke County, (the Cemetery) for the years ended December 31, 2018 and 2017.

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, 2018 and 2017.

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.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. **Ohio Rev. Code § 145.034** states, in part, that a member of the public employees retirement system who is a public employee as defined in division (A)(2) of section 145.01 of the Revised Code and whose earnings from employment are or become subject to the tax on wages imposed by the "Federal Insurance Contributions Act," 68A Stat. 415 (1954), 26 U.S.C.A. 3101, as amended, may elect to have such earnings exempted from contributions to the public employees retirement system by filing with the public employees retirement board a written request bearing his signature. The request shall be filed not later than ninety days after the date the member becomes subject to such tax on wages. A request mailed to the board shall be considered to have been filed on its postmark date. On receipt of a request, the board shall notify the member's employer that the request has been made. No contributions by the person making the request or his employer shall be required for service for which earnings are made exempt from contributions pursuant to this section, and no service credit shall be granted or purchased for such service. Once granted, a request made pursuant to this section may not be withdrawn.

Cemetery personnel were in positions covered by the Ohio Public Employees Retirement System (OPERS). During 2017, the Trustees and the Cemetery mower paid into social security rather than OPERS. During 2018, the Trustees paid into social security rather than OPERS. However, there was no documentation to indicate that a signed notification was submitted to the OPERS board as required.

The Cemetery should implement policies and procedures to verify that personnel who elect not to pay into the pension system are providing signed documentation to the respective board and also maintaining evidence of this election.

2. During 2018 an agreed-upon rate of pay was established for the Cemetery mower. The Cemetery mower was paid as a contractor at the agreed-upon rate and a 1099 was issued; however, the situation indicated that the Cemetery mower could be treated as an employee rather than a contractor. The Cemetery could be liable for both the employee and employer share of required deductions if it is determined that the mower is actually an employee of the Cemetery. Federal Regulations require governments to report on a W-2 or 1099 form all salaries, wages, commissions, fees, and other forms of compensation for services rendered. Since individuals receiving 1099's are not considered employees, but contractors, they are not subject to withholdings and related employer contributions.

In addition, the Cemetery paid various individuals in 2017 and 2018 for helping with funerals, trimming, and pouring foundations. These individuals were paid an agreed-upon rate as established by the Board of Trustees. However, the Cemetery did not have a contract or agreement in place with these individuals documenting that they were independent contractors, and these individuals were not treated as employees of the Cemetery.

The Cemetery should consult with their legal counsel and the IRS to determine if the Cemetery mower and additional workers should be considered employees or contractors and, if employees, determine if a state retirement system or social security and/or other deductions should be made. If determined to be employees, the Cemetery should contact OPERS and the IRS to rectify the situation. Also, if determined to be employees, the Cemetery mower and additional workers should be issued W-2 forms for each applicable year.

3. The Cemetery annually received an Official Certificate of Estimated Resources from the Darke County Budget Commission. The amount of estimated receipts from the certificate should be entered into the accounting ledgers, which will enable the Cemetery to monitor budgetary compliance with the approved budgeted amounts throughout the year. For 2018 and 2017, the Cemetery did not enter estimated receipts into the accounting ledgers.

The Cemetery should enter estimated receipts in the accounting ledgers and they should agree to the Official Certificate of Estimated Resources. Inaccuracy of the data entered into the accounting ledgers limits the reliability of controls that the budgetary reports provide to the Cemetery Board of Trustees. Procedures should be implemented to verify that information is entered into the accounting ledgers and that amounts agree to the certificates.



Keith Faber
Auditor of State
Columbus, Ohio

June 27, 2019

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GREENMOUND UNION CEMETERY DISTRICT

DARKE 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 11, 2019**