



Mary Taylor, CPA
Auditor of State

**CHESTERHILL-MARION UNION CEMETERY
MORGAN COUNTY**

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Mary Taylor, CPA

Auditor of State

Chesterhill-Marion Union Cemetery
Morgan County
1375 State Route 555
Chesterhill, Ohio 43728

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.

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Mary Taylor, CPA
Auditor of State

September 17, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Chesterhill-Marion Union Cemetery
Morgan County
1375 State Route 555
Chesterhill, Ohio 43728

To the Board of Trustees:

We have audited the accompanying financial statements of the Chesterhill-Marion Union Cemetery, Morgan County, Ohio (the Cemetery), as of and for the years ended December 31, 2006 and 2005. 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.

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 cemeteries 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, 2006 and 2005 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, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Chesterhill-Marion Union Cemetery, Morgan County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 17, 2007, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 17, 2007

**CHESTERHILL-MARION UNION CEMETERY
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Permanent Funds</u>	
Cash Receipts:			
Local Taxes	\$23,646		\$23,646
Charges for Services	3,300		3,300
Sale of Lots	975		975
Interest	121		121
Miscellaneous	200		200
	<hr/>		<hr/>
Total Cash Receipts	28,242	\$0	28,242
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	10,748		10,748
Supplies	1,290		1,290
Utilities	393		393
Contract Services	2,750		2,750
Insurance	403		403
Miscellaneous	932		932
	<hr/>		<hr/>
Total Cash Disbursements	16,516	0	16,516
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	11,726	0	11,726
	<hr/>		<hr/>
Fund Cash Balances, January 1	18,177	6,324	24,501
	<hr/>		<hr/>
Fund Cash Balances, December 31	\$29,903	\$6,324	\$36,227
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The notes to the financial statements are an integral part of this statement.

**CHESTERHILL-MARION UNION CEMETERY
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Permanent Funds</u>	
Cash Receipts:			
Local Taxes	\$23,591		\$23,591
Charges For Services	3,000		3,000
Sale of Lots	475		475
Interest	122		122
Total Cash Receipts	<u>27,188</u>	<u>\$0</u>	<u>27,188</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	8,690		8,690
Supplies	881		881
Utilities	380		380
Contracts Services	3,025		3,025
Insurance	404		404
Miscellaneous	1,559		1,559
Total Cash Disbursements	<u>14,939</u>	<u>0</u>	<u>14,939</u>
Total Cash Receipts Over/(Under) Cash Disbursements	12,249	0	12,249
Fund Cash Balances, January 1	<u>5,928</u>	<u>6,324</u>	<u>12,252</u>
Fund Cash Balances, December 31	<u><u>\$18,177</u></u>	<u><u>\$6,324</u></u>	<u><u>\$24,501</u></u>

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

**CHESTERHILL-MARION UNION CEMETERY
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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 Chesterhill-Marion Union Cemetery, Morgan County (the Cemetery), as a body corporate and politic. The Cemetery is directed by an appointed three-member Board of Trustees, two appointed by the Village of Chesterhill and one from Marion Township. The residents of the Village of Chesterhill and Marion Township have approved a special property tax levy for the purpose of maintaining the Cemetery and distributes to the Cemetery levy monies collected. 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 adequately disclose of material matters, as the Auditor of State prescribes or permits.

C. Cash

Certificates of deposit are valued at cost.

D. Fund Accounting

The Cemetery uses fund accounting to segregate cash that is 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. 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 Bequest Fund – This fund maintains the trust corpus. The income is to be used primarily for cemetery maintenance.

**CHESTERHILL-MARION UNION CEMETERY
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

2. CASH

The Cemetery maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$18,177	\$29,903
Certificates of deposit	6,324	6,324
Total deposits	<u>\$24,501</u>	<u>\$36,227</u>

Deposits: Deposits are insured by the Federal Deposit 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 Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Cemetery contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Cemetery has not paid all contributions required through December 31, 2006.

4. RISK MANAGEMENT

Commercial Insurance

The Cemetery has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

Auditor of State

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

Chesterhill-Marion Union Cemetery
Morgan County
1375 State Route 555
Chesterhill, Ohio 43728

To the Board of Trustees:

We have audited the financial statements of the Chesterhill-Marion Union Cemetery, Morgan County, Ohio (the Cemetery), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated September 17, 2007, wherein we noted the Cemetery prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Cemetery's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Cemetery's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Cemetery's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above to be a material weakness.

We also noted certain internal control matters that we reported to the Cemetery's management in a separate letter dated September 17, 2007.

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 did note certain noncompliance or other matters that we reported to the Cemetery's management in a separate letter dated September 17, 2007.

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



Mary Taylor, CPA
Auditor of State

September 17, 2007

**CHESTERHILL-MARION UNION CEMETERY
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Cemetery's staff did not allow for an adequate segregation of duties; the Cemetery Clerk/Treasurer performed all accounting functions. It is therefore important that the Board of Trustees function as a finance committee to monitor financial activity closely. There was no documentation of the extent to which the Board of Trustees reviewed vouchers for payment, financial reports and records to monitor financial activity of the Cemetery.

This could result in unauthorized expenditures, the ledgers of the Cemetery not being posted up-to-date, errors in the reconciliation, and errors and omissions occurring in the Cemetery's annual report without the timely knowledge of the Board of Trustees.

We recommend financial information be presented to the Board of Trustees on a regular basis. This information should include vouchers for payment, reconciliations, as well as revenue and expenditure activity and balance reports. A periodic review should also be performed on the Cemetery's cash book and deed records to gain assurances that the records are posted up to date, in agreement with the presented reports and reflect authorized transactions. These reviews should be documented in the minutes of the Board of Trustees meetings.

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



Mary Taylor, CPA
Auditor of State

CHESTERHILL-MARION UNION CEMETERY

MORGAN 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 15, 2007**