



**WHARTON RICHLAND UNION CEMETERY
WYANDOT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA
Auditor of State

**WHARTON RICHLAND UNION CEMETERY
WYANDOT COUNTY**

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Mary Taylor, CPA Auditor of State

Wharton Richland Union Cemetery
Wyandot County
P.O. Box 266
Wharton, Ohio 43359

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 Cemetery 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

August 2, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wharton Richland Union Cemetery
Wyandot County
P.O. Box 266
Wharton, Ohio 43359

To the Board of Trustees:

We have audited the accompanying financial statements of Wharton Richland Union Cemetery, Wyandot County, Ohio, (the Cemetery) as of and for the years ended December 31, 2006 and December 31, 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.

Revisions to GAAP would require the Cemetery to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006, and December 31, 2005. 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 December 31, 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 December 31, 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 cash balances of the Wharton Richland Union Cemetery, Wyandot County, Ohio, as of December 31, 2006 and December 31, 2005, and its 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 August 2, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 2, 2007

**WHARTON RICHLAND UNION CEMETERY
WYANDOT CEMETERY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2006**

Cash Receipts:	
Intergovernmental	\$2,750
Charges for Services	3,505
Interest	136
Miscellaneous	491
	<hr/>
Total Cash Receipts	6,882
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Cash Disbursements:	
Current:	
Salaries	3,222
Equipment	800
Repair and Maintenance	654
Professional Services	1,215
Benefits	884
Office	9
Miscellaneous	383
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Total Cash Disbursements	7,167
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Total Cash Receipts Under Cash Disbursements	(285)
Cash Balance, January 1	12,138
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Cash Balance, December 31	<u><u>\$11,853</u></u>

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

**WHARTON RICHLAND UNION CEMETERY
WYANDOT CEMETERY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005**

Cash Receipts:

Intergovernmental	\$2,750
Charges for Services	2,345
Sale of Lots	920
Interest	122
Miscellaneous	<u>678</u>

Total Cash Receipts 6,815

Cash Disbursements:

Current:	
Salaries	3,410
Equipment	1,135
Repair and Maintenance	342
Professional Services	820
Benefits	1,244
Office	98
Miscellaneous	<u>1,766</u>

Total Cash Disbursements 8,815

Total Cash Receipts Under Cash Disbursements (2,000)

Cash Balance, January 1 14,138

Cash Balance, December 31 \$12,138

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

**WHARTON RICHLAND UNION CEMETERY
WYANDOT 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 Wharton Richland Union Cemetery, Wyandot County, Ohio, (the Cemetery) as a body corporate and politic. The Cemetery is directed by an appointed three-member Board of Trustees. The Board is appointed by Richland Township's Board of Trustees and the Village of Wharton's Council. 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. Accounting Basis

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. The Cemetery 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. Cash and Investments

The Cemetery includes investments as assets. The Cemetery does not report purchases of investments as disbursements or investment sales as receipts. The Cemetery recognizes gains or losses at the time of sale as receipts or disbursements, respectively.

The Cemetery records certificates of deposit at cost.

D. 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. EQUITY IN POOLED CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

**WHARTON RICHLAND UNION CEMETERY
WYANDOT COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>2006</u>	<u>2005</u>
Deposits	\$4,581	\$4,866
Certificates of deposit	7,272	7,272
Total deposits	<u>11,853</u>	<u>12,138</u>

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

3. RETIREMENT SYSTEMS

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 2006 and 2005, OPERS employee members contributed 9.0 and 8.5 percent of their gross salaries. The Cemetery contributes an amount equal to 13.70 and 13.55 percent of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2006.

4. RISK MANAGEMENT

The Cemetery has obtained commercial insurance for comprehensive property and general liability through the Village of Wharton.



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*

Wharton Richland Union Cemetery
Wyandot County
P.O. Box 266
Wharton, Ohio 43359

To the Board of Trustees:

We have audited the financial statements of Wharton Richland Union Cemetery, Wyandot County, Ohio, (the Cemetery) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated August 2, 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-003.

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 believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the Cemetery's management in a separate letter dated August 2, 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 August 2, 2007

The Cemetery's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Cemetery's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

August 2, 2007

**WHARTON RICHLAND UNION CEMETERY
WYANDOT 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
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Board Monitoring – Significant Deficiency

During 2005 and 2006, the Clerk provided the Board of Trustees with a list of bills due to review during each monthly meeting; however, no receipt or disbursement ledger or bank reconciliation was provided for their review. As a result, the Board of Trustees may not be able to effectively monitor the financial activity of the Cemetery.

The lack of legislative monitoring may lead to errors, irregularities, or misappropriation of the Cemetery's assets.

We recommend the Clerk provide monthly receipt and disbursement ledgers, along with monthly bank reconciliations, to the Board of Trustees for review. The Board should review these reports and follow-up as needed regarding any possible unusual balances or transactions.

Officials' Response

The Clerk will begin providing monthly financial information to the Board beginning with the September 2007 meeting.

Finding Number	2006-002
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Expenditure Classification – Significant Deficiency

The Cemetery should use proper expenditure classifications when posting expenditure transactions to the appropriation ledger.

The Cemetery classified the employer portion of Medicare in fiscal years 2005 and 2006 as salaries instead of benefits. It was also noted that the Cemetery classified the employee portion of Medicare and tax withholdings as benefits instead of salaries.

These incorrect expenditure classifications could be misleading to a third-party user of the financial statements and could hinder the Board of Trustee's ability to effectively monitor the financial activity of the Cemetery. We recommend the Cemetery ensure expenditures are properly classified and properly presented on the financial statements.

Officials' Response

This was the Clerk's recording error, as amounts were not put in the correct columns on the accounting ledgers.

**WHARTON RICHLAND UNION CEMETERY
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number

2006-003

Cemetery Fees – Significant Deficiency

The Cemetery did not charge the proper Board approved fees for four lot purchases during 2006. It was noted that two lots purchased for adult burials were undercharged by \$10 each and two lots purchased for cremation burials were undercharged by \$65 and \$75, respectively.

Failure to charge the proper fee approved by the Board may compromise accountability over these receipts and resulted in a loss of revenue for the Cemetery.

We recommend the Cemetery charge lot fees based on amounts approved by the Board. Furthermore, we recommend the Board monitor fees collected to ensure proper rates are being charged. This can be accomplished by reviewing the manual receipt ledger.

Officials' Response

The lots undercharged by \$10 were due to a price increase which went into effect; however, the funeral home that paid the fees was not aware of the increase. The lots purchased for cremation burials were mistakenly charged the cost for digging graves paid by the Cemetery. Cemetery fees will be monitored more closely in the future.

**WHARTON RICHLAND UNION CEMETERY
WYANDOT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Timely Posting of Transactions and Reconciliations	No	Partially Corrected. The Cemetery did post its receipt and disbursement transactions to the accounting ledgers in a timely manner. However, the Board of Trustees did not review monthly bank reconciliations along with monthly receipt and disbursement ledgers in 2006 or 2005. This is considered a significant deficiency and is shown as Finding Number 2006-001.



Mary Taylor, CPA
Auditor of State

WHARTON-RICHLAND UNION CEMETERY

WYANDOT 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
AUGUST 30, 2007**