



**WAUSEON UNION CEMETERY
FULTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2006



Mary Taylor, CPA
Auditor of State

**WAUSEON UNION CEMETERY
FULTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Wauseon Union Cemetery
Fulton County
140 N. Fulton Street
P.O. Box 152
Wauseon, Ohio 43567-0152

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 a February 2, 2005, 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 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 5, 2008

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wauseon Union Cemetery
Fulton County
140 N. Fulton Street
P.O. Box 152
Wauseon, Ohio 43567-0152

To the Board of Trustees:

We have audited the accompanying financial statements of Wauseon Union Cemetery, Fulton County, (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. In addition, as described in note 2, in 2005 the cemetery reclassified its nonexpendable trust fund.

Instead of the 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 Cemetery's 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.

One Government Center / Suite 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

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 fund cash balances of Wauseon Union Cemetery, Fulton County, as of December 31, 2006 and 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 February 5, 2008, 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.



Mary Taylor, CPA
Auditor of State

February 5, 2008

**WAUSEON UNION CEMETERY
FULTON COUNTY**

**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</u>	
Cash Receipts:			
Local Taxes	\$62,462		\$62,462
Intergovernmental	9,373		9,373
Charges for Services	38,205		38,205
Interest	1,864		1,864
Miscellaneous	250		250
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	112,154		112,154
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries	57,767		57,767
Supplies	4,444		4,444
Purchased - Services	5,647		5,647
Miscellaneous	5,924		5,924
Capital Outlay	17,071		17,071
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	90,853		90,853
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	21,301		21,301
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	52,791	12,820	65,611
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$74,092</u>	<u>\$12,820</u>	<u>\$86,912</u>

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

**WAUSEON UNION CEMETERY
FULTON COUNTY**

**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</u>	
Cash Receipts:			
Local Taxes	\$52,910		\$52,910
Intergovernmental	11,038		11,038
Charges for Services	33,995		33,995
Interest	557		557
Miscellaneous	303		303
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	98,803		98,803
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries	52,931		52,931
Supplies	2,531		2,531
Purchased - Services	7,879		7,879
Miscellaneous	8,948		8,948
Capital Outlay	18,712		18,712
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	91,001		91,001
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	7,802		7,802
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	44,989	12,820	57,809
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$52,791</u>	<u>\$12,820</u>	<u>\$65,611</u>

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

**WAUSEON UNION CEMETERY
FULTON 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 Wauseon Union Cemetery, Fulton County, (the Cemetery) as a body corporate and politic. Clinton Township and the City of Wauseon appoint a three-member Board of Trustees to direct cemetery operations. Clinton Township provides funding to meet the Cemetery's operating costs through a 0.4 mill levy dedicated to the Cemetery. The accompanying financial statements present this funding as Tax and 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. Cash

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 is the general operating fund. It presents all financial resources except those required to be accounted for in another fund.

2. Permanent Fund

This fund accounts 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's had the following permanent fund:

Cemetery Maintenance Fund - The principal of the fund is to be maintained and the revenue to be used for cemetery maintenance.

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.

**WAUSEON UNION CEMETERY
FULTON COUNTY**

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

2. ACCOUNTING CHANGE

In 2005, the Cemetery reclassified its cemetery maintenance fund, which was previously classified as a fiduciary fund, to a permanent fund. The reclassification was in accordance with GASB Statement Number 34 and had the following effect on January 1, 2005, fund balances:

	Permanent Fund	Non Expendable Trust Fund
Cash Fund Balance as previously reported at December 31, 2004		\$12,820
Fund Reclassification	\$12,820	(12,820)
Cash Fund Balance as restated at January 1, 2005	\$12,820	

3. EQUITY IN POOLED 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:

	2006	2005
Demand deposit	\$28,231	\$12,324
Savings deposit	8,384	3,287
Certificates of deposit	50,297	50,000
Total deposits	\$86,912	\$65,611

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

4. 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 this 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 paid all contributions required through December 31, 2006.

**WAUSEON UNION CEMETERY
FULTON COUNTY**

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

5. RISK MANAGEMENT

Commercial Insurance

The Cemetery has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Umbrella/excess liability;
- Contractors equipment;
- Cemetery professional;
- Auto coverage; and
- Terrorism.

This page intentionally left blank.



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*

Wauseon Union Cemetery
Fulton County
140 N. Fulton Street
P.O. Box 152
Wauseon, Ohio 43567-0152

To the Board of Trustees:

We have audited the financial statements of Wauseon Union Cemetery, Fulton County, (the Cemetery) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated February 5, 2008, wherein we noted the Cemetery followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and the Cemetery reclassified its nonexpendable trust fund. 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 opinions 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.

One Government Center / Suite 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 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. However, we believe the significant deficiency described above is also a material weakness.

We also noted certain internal control matters that we reported to the Cemetery's management in a separate letter dated February 5, 2008.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 and 2006-002.

We did note certain noncompliance or other matters that we reported to the Cemetery's management in a separate letter dated February 5, 2008.

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

February 5, 2008

**WAUSEON UNION CEMETERY
FULTON COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2006-001

Finding For Recovery – Repaid Under Audit

On December 21, 2005, the Wauseon Union Cemetery Board of Trustees approved the salary of the Clerk of the Wauseon Union Cemetery in the amount of \$6,556 for the fiscal year 2006.

Payroll records indicate, however, that payments totaling \$7,102.25 were issued to Merrill Kane, Clerk of the Wauseon Union Cemetery in 2006. As a result, an overpayment of \$546.25 occurred.

<u>Description</u>	<u>Total</u>
Actual salary paid	\$7,102.25
Board authorized salary	<u>6,556.00</u>
Overpayment	<u>\$ 546.25</u>

In accordance with the forgoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Merrill Kane, Clerk of Wauseon Union Cemetery, and The Cincinnati Insurance Company, his bonding company, jointly and severally, for \$546.25, and in favor of Wauseon Union Cemetery's General Fund.

The Clerk repaid \$546.25 through a deduction on his December 2007 payroll check number 10527, dated December 31, 2007.

Official's Response

The Board responded that the Clerk will reimburse the Cemetery for the payroll overpayment.

FINDING NUMBER 2006-002

Finding For Recovery– Repaid Under Audit

Ohio Revised Code Section 9.39 states all "public officials are liable for all public money received or collected by them or by their subordinates under color of office."

Cemetery Clerk Merrill Kane is responsible for selling cemetery lots, collecting the payment, and depositing such into the selected depository. Cemetery Lot Sales receipt numbers 1035 and 1053 were issued for the sale of cemetery lots on July 14, 2005 and January 31, 2006; respectively. This totaled \$1,050. There was no evidence that these receipts were deposited with the Cemetery's designated depository.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Merrill Kane, Clerk of Wauseon Union Cemetery, and The Cincinnati Insurance Company, his bonding company, jointly and severally, for \$1,050 and in favor of Wauseon Union Cemetery's General Fund.

The Clerk repaid and deposited \$350 on November 27, 2007, and \$700 on February 07, 2008.

Official's Response

The Board responded that in December 2007 a policy was approved requiring that all funds must be deposited by the Clerk within 48 business hours of receipt. They also indicated that the Clerk agreed to pay for collected funds which were not deposited.

FINDING NUMBER 2006-003

Material Weakness

Lot Sales Activity

The Cemetery charges a fee for the sale of cemetery lots. The following weaknesses were identified concerning the sale of cemetery lots:

- Payments have not been received for all cemetery lots sold. An accurate listing of unpaid balances is not maintained.

Cemetery does not have formalized procedures to pursue existing unpaid lots sales. Uncollected balances exist as far back as fiscal year 2001. There is no evidence the Cemetery is attempting to collect on these sales.

- Rates were last authorized by the Board on August 2004 as follows:
 - \$300 Lots
 - \$300 Digging and Closing

The rates being charged in the audit period are \$350 for these sales and services. Evidence could not be provided the Board of Trustees authorized this rate increase.

- Checks and cash; at times are being held for an unreasonable period of time before being deposited with the bank.

These weaknesses identified could result in fraud not being detected in a timely manner, inaccurate posting of revenues, and loss of revenue. To increase accountability and control over these revenues and reduce the likelihood of loss or diversion of revenues, we recommend the following:

- Management should research their records and compile an accurate detailed listing of lots sold that have not been fully paid. This report should be provided to the Board for their review on a periodic basis.

Establish formal written procedures to address the collection of unpaid lot sales. Evidence should be retained documenting the Cemetery's attempt to collect unpaid balances.

- Rate changes need to be formally authorized by the Board. At a minimum this should be documented in the minutes.
- Checks and cash collected by the Clerk should be deposited with the bank within a reasonable period of time as determined by the Board of Trustees

The Board should consider monitoring this revenue activity more closely. For example; by comparing monthly receipts to previous years' receipts or by comparing the number of lots sold or burial services provided to actual receipts would assist the Board in identifying unusual fluctuations and if revenue collected is reasonable.

Official's Response

The Board responded that audit recommendations have been reviewed and measures will be undertaken to satisfy the recommendations.



Mary Taylor, CPA
Auditor of State

WAUSEON UNION CEMETERY

FULTON 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
MARCH 6, 2008**