



Dave Yost • Auditor of State



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Chesterhill–Marion Union Cemetery
Morgan County
P.O. Box 62
Chesterhill, Ohio 43728

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Chesterhill-Marion Union Cemetery, Morgan County, Ohio (the Cemetery), for the years ended December 31, 2012 and 2011.

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, 2012 or 2011.

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.

Current Year Observations

1. We examined the bank reconciliation prepared as of December 31, 2012. It included an unexplained reconciling item of \$53.75, which results in fund balance exceeding actual available cash by this amount. The Cemetery Clerk-Treasurer was unable to determine what this amount represented. There was also no documentation of the governing board review of the bank statement.

Reconciling cash is a critical control in assuring all transactions are posted accurately and in the proper accounting period. Unidentified differences result in inaccurate fund cash balance information, and conceivably could cause deficit spending. The Cemetery Clerk-Treasurer should review transactions recorded since the last reconciliation and correct the error.

Also, the Cemetery's small size requires governing board involvement with critical accounting processes (such as bank reconciliation) to compensate for the inability to segregate these duties. The absence of these reviews may be a material weakness in internal accounting control, resulting in inaccurate cash balances, or even undetected theft.

2. Internal Revenue Code Section 1.6041-1 states, in part, entities that pay any independent contractors (other than a corporation) \$600 or more during a year must issue a Form 1099.

During 2012 and 2011, the Cemetery did not issue a Form 1099 for independent contractors that were paid \$600 or more.

We recommend the Board of Trustees review the Internal Revenue Code and determine who is required to receive a Form 1099.

Current Status of Matters we Reported in our Prior Engagement

3. Our prior audit for the years ended December 31, 2010 and 2009 included a material weakness for not having adequate segregation of duties. This material weakness has not been addressed during our review. When designating the public office's system of internal control and specific control activities, management should plan for adequate segregation of duties or compensating controls. The Board of Trustees should perform procedures to monitor the financial activity of the Cemetery.

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 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. The reviews would be documented in the minutes of the Board of Trustees meetings.



Dave Yost
Auditor of State

Columbus, Ohio

June 28, 2013



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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
JULY 11, 2013**