



Mary Taylor, CPA  
Auditor of State



MALTA UNION CEMETERY  
MORGAN COUNTY

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# Mary Taylor, CPA

Auditor of State

Malta Union Cemetery  
Morgan County  
320 North Best Road  
P.O. Box 548  
Malta, Ohio 43758

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 statement 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 statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

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**Mary Taylor, CPA**  
Auditor of State

September 20, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Malta Union Cemetery  
Morgan County  
320 North Best Road  
P.O. Box 548  
Malta, Ohio 43758

To the Board of Trustees:

We have audited the accompanying financial statement of the Malta Union Cemetery, Morgan County, Ohio (the Cemetery), as of and for the years ended December 31, 2006 and 2005. This financial statement is the responsibility of the Cemetery's management. Our responsibility is to express an opinion on this financial statement 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 statement is 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 this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the accompanying financial statement presented, 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 union 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 statement referred to above for the years ended December 31, 2006 and 2005 does 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 statement referred to above presents fairly, in all material respects, the cash balance of the Malta Union Cemetery, Morgan County, Ohio 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 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 20, 2007



**MALTA UNION CEMETERY  
MORGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<b>2006</b>	<b>2005</b>
<b>Cash Receipts:</b>		
Local Taxes	\$16,124	\$14,942
Intergovernmental	2,259	2,341
Gifts and Donations	98,341	
Sale of Lots	2,135	3,365
Interest	355	76
Miscellaneous	75	69
Total Cash Receipts	119,289	20,793
<b>Cash Disbursements:</b>		
Current:		
Salaries	3,057	3,077
Supplies	167	426
Contracts - Services	13,471	12,613
Public Employees' Retirement	906	868
Workers' Compensation	200	98
Miscellaneous	2,115	3,166
Total Disbursements	19,916	20,248
Total Cash Receipts Over/(Under) Cash Disbursements	99,373	545
Fund Cash Balance, January 1	14,062	13,517
<b>Fund Cash Balance, December 31</b>	<b>\$113,435</b>	<b>\$14,062</b>

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

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**MALTA UNION CEMETERY  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
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 of the Malta Union Cemetery, Morgan County (the Cemetery), as a body corporate and politic. The Village of Malta and Malta Township appoint a three-member Board of Trustees to direct cemetery operations. These entities also provide funding from locally levied property taxes to meet the Cemetery's operating costs under the agreement which established the Cemetery. The Cemetery provides grounds maintenance, opening and closing of graves and the sale of grave lots.

The Cemetery's management believes this financial statement presents all activities for which the Cemetery is financially accountable.

**B. Basis of Accounting**

This financial statement follows 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.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Cemetery records certificates of deposit at cost.

**D. Budgetary Process**

The Cemetery is not required to follow budgetary requirements under Ohio Rev. Code Chapter 5705. Accordingly, no budgetary presentation is presented.

**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 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	\$14,820	\$14,062
Certificates of deposit	98,615	
Total	<u>\$113,435</u>	<u>\$14,062</u>

**MALTA UNION CEMTERY  
MORGAN COUNTY**

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

**2. CASH (Continued)**

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entry deposit pool.

**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 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 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.

**4. RISK MANAGEMENT**

**Commercial Insurance**

The Cemetery has obtained commercial insurance for the following risks:

- General liability and casualty;
- Public official's liability; and
- Property.



# 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*

Malta Union Cemetery  
Morgan County  
320 North Best Road  
P.O. Box 548  
Malta, Ohio 43758

To the Board of Trustees:

We have audited the financial statement of the Malta 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 20, 2007, wherein we noted the Cemetery prepared its financial statement 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 statement, 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 2006-002.

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 September 20, 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standard*, which is described in the accompanying Schedule of Findings as item 2006-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Cemetery's management in a separate letter dated September 20, 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

September 20, 2007

**MALTA UNION CEMETERY  
MORGAN COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Noncompliance Citation and Significant Deficiency**

Ohio Admin. Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

At December 31, 2006 and 2005, the Clerk posted beginning balances, revenues and expenditures incorrectly to the annual financial report. Beginning balances were not carried forward to the next year correctly. Receipts and expenditures recorded on the annual financial statements did not agree to the Cemetery's books. In 2005 and 2006, tax receipts were not recorded at gross on the Cemetery's books and deductions were recorded as expenditures; therefore, this caused an adjustment to the books. The net adjustment to the financial statement for the years ended December 31, 2006 and 2005 of \$56 and \$2,863, respectively.

These errors in posting resulted in audit reclassifications and adjustments. As a result, these significant reclassifications and adjustments were made to the financial statements to correctly classify the sources and amounts of the Cemetery's receipts and expenditures. These adjustments and reclassifications with which the Cemetery's management agree are reflected in the accompanying financial statement.

We recommend the Clerk take additional care in posting transactions to the Cemetery's ledgers and annual financial report in order to ensure the Cemetery's year-end financial statements reflect the appropriate sources of the Cemetery's receipts and expenditures.

**Officials' Response:** The Clerk will take more care in posting beginning balances, revenues and expenditures to the ledgers.

**FINDING NUMBER 2006-002**

**Significant Deficiency**

When designing the public office's system of internal control and the specific control activities, management should consider verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records. The Clerk did not prepare accurate monthly reconciliations of bank balances to book balances. Outstanding checks, deposits in transit and/or other reconciling items were either not prepared or not supported by source documentation to enable a proper reconciliation to be performed.

The lack of proper reconciliations among the bank accounts and the Cemetery's accounting ledgers resulted in errors which remained undetected and/or uncorrected until the audit.

We recommend the Clerk prepare detailed bank reconciliations that include all bank account balances being reconciled to the Cemetery's accounting ledgers. Copies of bank reconciliations should be presented monthly at the Board meeting for the Board's review and approval.

**Officials' Response:** The Clerk will begin preparing monthly bank reconciliations that include all accounts.

**MALTA UNION CEMETERY  
MORGAN 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; <b><i>Explain</i></b>
2004-001	A reportable condition was issued regarding lack of supporting documentation for expenditures.	No	Not Corrected:  This item is repeated in the Management Letter as a noncompliance citation, since it is no longer a significant issue.





**Mary Taylor, CPA**  
Auditor of State

**MALTA 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 13, 2007**