



Mary Taylor, CPA  
Auditor of State



MT. CARMEL JOINT CEMETERY  
CHAMPAIGN COUNTY

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Mary Taylor, CPA  
Auditor of State

Mt. Carmel Joint Cemetery  
Champaign County  
4499 Gray Road  
Cable, Ohio 43009

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

May 17, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Mt. Carmel Joint Cemetery  
Champaign County  
4499 Gray Road  
Cable, Ohio 43009

To the Board of Trustees:

We have audited the accompanying financial statements of Mt. Carmel Joint Cemetery, Champaign 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.

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 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Cemetery has elected not to reformat its statements. Since this Cemetery does not use GAAP to measure financial statement amounts, 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 fund cash balances of Mt. Carmel Joint Cemetery, Champaign 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 aforementioned revision to generally accepted accounting principles also requires the Cemetery to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. 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 May 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

May 17, 2007



**MT. CARMEL JOINT CEMETERY  
CHAMPAIGN COUNTY**

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

	<u>General</u>
<b>Cash Receipts:</b>	
Local Taxes	\$6,679
Intergovernmental	859
Charges for Services	4,165
Sale of Lots	1,690
Interest	43
Miscellaneous	<u>243</u>
Total Cash Receipts	<u>13,679</u>
<b>Cash Disbursements:</b>	
Current:	
Salaries	3,013
Supplies	2,108
Contracts - Repair	50
Contracts - Services	6,950
Workers' Compensation	143
Miscellaneous	<u>250</u>
Total Disbursements	<u>12,514</u>
Total Receipts Over/(Under) Disbursements	<u>1,165</u>
Fund Cash Balance, January 1	<u>8,104</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$9,269</u></u></b>

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

**MT. CARMEL JOINT CEMETERY  
CHAMPAIGN COUNTY**

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

	<u>General</u>
<b>Cash Receipts:</b>	
Local Taxes	\$6,571
Intergovernmental	525
Charges for Services	3,033
Sale of Lots	2,100
Interest	46
	<hr/>
Total Cash Receipts	12,275
	<hr/>
<b>Cash Disbursements:</b>	
<b>Current:</b>	
Salaries	1,778
Supplies	1,375
Contracts - Repair	5,002
Contracts - Services	7,219
Workers' Compensation	102
Miscellaneous	254
	<hr/>
Total Disbursements	15,730
	<hr/>
Total Receipts Over/(Under) Disbursements	(3,455)
	<hr/>
Fund Cash Balance, January 1	11,559
	<hr/>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$8,104</u></u></b>

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

**MT. CARMEL JOINT CEMETERY  
CHAMPAIGN 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 Mt. Carmel Joint Cemetery, Champaign County (the Cemetery) as a body corporate and politic. Wayne and Salem Townships appoint a three-member Board of Trustees to direct cemetery operations. 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 and Investments**

The Cemetery maintains an interest bearing checking account and has no investments.

**D. Fund Accounting**

The Cemetery uses fund accounting to segregate cash that is restricted as to use. The Cemetery has one fund type:

**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.

**E. Budgetary Process**

The Cemetery's Board budgets its General Fund annually.

**1. Appropriations**

Budgetary expenditures may not exceed appropriations at the fund, function or object level of control. The Board annually approves appropriation measures and subsequent amendments. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**MT. CARMEL JOINT CEMETERY  
CHAMPAIGN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. 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**

The Cemetery maintains an interest bearing checking account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	2006	2005
Demand deposits	\$9,269	\$8,104

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

<b>2006 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,700	\$13,679	\$3,979

<b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$17,800	\$12,514	\$5,286

<b>2005 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,500	\$12,275	\$2,775

<b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$19,338	\$15,730	\$3,608

**4. RISK MANAGEMENT**

The Cemetery is insured by Wayne and Salem Townships for the following risks:

- Comprehensive property and general liability;



# 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*

Mt. Carmel Joint Cemetery  
Champaign County  
4499 Gray Road  
Cable, Ohio 43009

To the Board of Trustees:

We have audited the financial statements of the Mt. Carmel Joint Cemetery, Champaign County, (the Cemetery), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 17, 2007, 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. 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 to be 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 and 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.

**Internal Control Over Financial Reporting  
(Continued)**

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 May 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-002.

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 May 17, 2007

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



**Mary Taylor, CPA**  
Auditor of State

May 17, 2007

**MT. CARMLE JOINT CEMETERY  
CHAMPAIGN 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**

**Significant Deficiency**

**Financial Reporting**

The Cemetery receives tax and intergovernmental revenues from the County Auditor and/or the joining townships governing the Cemetery. During 2005 and 2006, the Clerk posted the tax and intergovernmental revenues at net rather than gross and did not correctly separate the types of revenues. In 2006, the Clerk also posted some settlement fees as expenses; however the revenue amounts were not increased to balance the amounts. The fees were incorrectly included in the bank to book reconciliation, which did not agree to the ending check register balance. These errors resulted in misstated amounts for taxes and intergovernmental revenues, expenditures, and ending cash balance. The financial statements were adjusted to properly present the correct amounts.

The submission of incomplete and inaccurate data on the annual financial reports fails to present accurate financial position and can mislead the users of the reports.

The Clerk should post all receipts according to a functional descriptive account code that represents the type/source of the receipt and taxes should be recorded at the gross amount with a corresponding expenditure entry for the fees deducted by the County Auditor. The Trustees should review the bank to book reconciliations including the bank statements and check register for completeness and accuracy. The annual financial report should then be completed accurately to ensure the Cemetery's financial activity is reported properly.

**Officials' Response**

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

**FINDING NUMBER 2006-002**

**Noncompliance and Significant Deficiency**

**Withholdings and Issuance of W-2s**

**26 U.S.C. Section 3402** states every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary of Treasury.

**Ohio Rev. Code Section 145.03** states membership in the public employees retirement system (PERS) is compulsory upon being employed, and Internal Revenue Code Section 312(B)(7)(F) states that after July 1, 1997, employees who are not members of retirement systems of employers shall be required to pay into the social security system.

**Ohio Rev. Code Section 5747.06** states every employer maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a reasonable estimate of the amount of state and school district income tax which will be due.

**26 USC Section 3102** requires the deduction of Medicare tax from wages of employees hired on or after April 1, 1986.

**26 C.F.R. Section 1.6041-2** provides that wages paid to employees are to be included on Form W-2.

The Clerk did not withhold federal tax, PERS, state tax, Medicare, city, or school district tax or issue W-2s to cemetery employees for wages earned during 2005 and 2006. In order to comply with the abovementioned codes, the Clerk should withhold all appropriate amounts from employee's checks, remit the withholdings to the appropriate agency, and issue W-2s to all employees.

**Officials' Response**

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





**Mary Taylor, CPA**  
Auditor of State

**MT. CARMEL JOINT CEMETERY**

**CHAMPAIGN 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 3, 2007**