



Mary Taylor, CPA
Auditor of State

**CHESTNUT GROVE CEMETERY
CUYAHOGA COUNTY**

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Mary Taylor, CPA
Auditor of State

Chestnut Grove Cemetery
Cuyahoga County
7789 Lewis Road
Olmsted Falls, Ohio 44138

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 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 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.

Mary Taylor

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Auditor of State

January 30, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Chestnut Grove Cemetery
Cuyahoga County
7789 Lewis Road
Olmsted Falls, Ohio 44138

To the Board of Trustees:

We have audited the accompanying financial statements of the Chestnut Grove Cemetery, Cuyahoga County, Ohio, (the Cemetery) as of and for the years ended December 31, 2005 and December 31, 2004. 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, 2005 and December 31, 2004. 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, 2005 and December 31, 2004 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, 2005 and December 31, 2004, 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 Chestnut Grove Cemetery, Cuyahoga County, Ohio, as of December 31, 2005 and December 31, 2004, 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, 2005 and December 31, 2004. 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 January 30, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 30, 2008

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**CHESTNUT GROVE CEMETERY
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005	2004
Cash Receipts:		
Intergovernmental	\$79,447	\$75,345
Charges for Services	9,380	13,855
Sale of Lots	7,575	9,975
Interest	3,543	2,233
Rentals	4,750	11,400
Miscellaneous	165	131
	<u>104,860</u>	<u>112,939</u>
Total Cash Receipts	104,860	112,939
Cash Disbursements:		
Current:		
Supplies	4,622	4,847
Equipment	5,025	4,751
Contracts - Repair	31,698	70,342
Contracts - Services	53,160	70,781
Workers' Compensation	20	20
Utilities	4,117	1,918
Miscellaneous	14,839	8,259
	<u>113,481</u>	<u>160,918</u>
Total Cash Disbursements	113,481	160,918
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,621)	(47,979)
Fund Cash Balances, January 1	<u>137,835</u>	<u>185,814</u>
Fund Cash Balances, December 31	\$129,214	\$137,835

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

**CHESTNUT GROVE CEMETERY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 Chestnut Grove Cemetery, Cuyahoga County, (the Cemetery) as a body corporate and politic. The City Council of Olmsted Falls and the Trustees of Olmsted Township appoint a three-member Board of Trustees to direct cemetery operations. 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. 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 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 has the following fund:

General Fund

The General Fund is the general operating fund. It presents all financial resources of the Cemetery.

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.

**CHESTNUT GROVE CEMETERY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$102,469	\$111,719
Certificates of deposit	26,745	26,116
Total deposits and investments	129,214	137,835

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. RISK MANAGEMENT

Commercial Insurance

The Cemetery has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

There were no significant changes in insurance coverage from the prior year.

4. ACCOUNTABILITY AND COMPLIANCE

The Cemetery was in violation of Ohio Revised Code Section 9.38.

During fiscal year 2004, the Cemetery experienced the following:

- 53 out of 78 receipts (68%) for charges for services/sale of lots revenue were not timely deposited. The range of those receipts not deposited in a timely manner varied between \$50 and \$700.
- 10 out of 12 receipts (83%) for rental income were not timely deposited. Each of these receipts was \$950.
- 14 out of 17 receipts (82%) for intergovernmental revenue were not timely deposited. The range of those receipts not deposited in a timely manner varied between \$223 and \$16,935.

During fiscal year 2005, the Cemetery experienced the following:

- 28 out of 55 receipts (51%) for charges for services/sale of lots revenue were not timely deposited. The range of those receipts not deposited in a timely manner varied between \$75 and \$700.
- Eight out of 20 receipts (40%) for intergovernmental revenue were not timely deposited. The range of those receipts not deposited in a timely manner varied between \$196 and \$10,589.

**CHESTNUT GROVE CEMETERY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE (Continued)

The Cemetery intends to review depositing procedures to eliminate this weakness in future periods.

In addition, the Cemetery was in violation of Ohio Revised Code Section 149.351. The Cemetery failed to maintain certain public records during the audit period.

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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*

Chestnut Grove Cemetery
Cuyahoga County
7789 Lewis Road
Olmsted Falls, Ohio 44138

To the Board of Trustees:

We have audited the financial statements of the Chestnut Grove Cemetery, Cuyahoga County, Ohio (the Cemetery) as of and for the years ended December 31, 2005 and December 31, 2004, and have issued our report thereon dated January 30, 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. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Cemetery's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-004, 2005-005, and 2005-006.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable conditions 2005-004, 2005-005, and 2005-006 listed above to be material weaknesses. In a separate letter to the Cemetery's management dated January 30, 2008, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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 we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2005-001, 2005-002, and 2005-003. In a separate letter to the Cemetery's management dated January 30, 2008, we reported other matters related to noncompliance we deemed immaterial.

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. It is not intended for anyone other than these specified parties.

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

January 30, 2008

**CHESTNUT GROVE CEMETERY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND DECEMBER 31, 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2005- 001
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Finding for Recovery

Payment of Expenditures Without Proper Supporting Documentation

Ohio Revised Code Section 149.351 states that “all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions.”

The Cemetery has one checking account out of which all checks are written. Checks are handwritten, mainly by the Clerk-Treasurer, and signed by two Board Trustees. The Cemetery has a policy stating: “The Clerk-Treasurer shall require receipts for any expenditure made by Superintendent or Chairman under the spending authority granted them by the Board of Trustees.” During our review of expenditures made by the Cemetery during the audit period, we noted the following checks written from the Cemetery’s checking account for which the Cemetery was unable to provide support:

Check Number	Check Date	Vendor	Amount of expenditure unsupported
6269	March 26, 2004	Dan Hill	\$170.00
6468	August 30, 2005	Lisa Lambert	150.74

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Cemetery’s finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose. It was the Clerk-Treasurer’s duty to maintain these records pursuant to Cemetery policy.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28 a Finding for Recovery for public monies illegally expended may be issued against Lisa Lambert, former Clerk-Treasurer, and Old Republic Surety Company of Milwaukee, Wisconsin, her bonding company, jointly and severally, in the amount of \$320.74 and in favor of the Chestnut Grove Cemetery General Fund.

**CHESTNUT GROVE CEMETERY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND DECEMBER 31, 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2005- 002
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Material Noncompliance

Timely Deposits of Public Monies

Ohio Revised Code Section 9.38 provides that any public official and/or employee who receive public monies shall deposit said monies with the Treasurer or with a properly designated depository on the next business day following the day of receipt, if the total received exceeds one thousand dollars. If the total amount of the public money received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of the receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited.

The following are the Ohio Revised Code violations for Section 9.38:

- Of the 78 receipts tested for charges for services/sale of lots revenue for fiscal year 2004, we noted 53 receipts (68%) were not deposited into the designated depository in accordance with the aforementioned provisions. The range of those receipts not deposited in a timely manner varied between \$50 and \$700. Of these 53 instances, 22 were related to the fact that we could not determine when the receipt was deposited because the Cemetery could not provide us with validated deposit slips for the months of January 2004 through April 2004.
- Of the 55 receipts tested for charges for services/sale of lots revenue for fiscal year 2005, we noted 28 receipts (51%) were not deposited into the designated depository in accordance with the aforementioned provisions. The range of those receipts not deposited in a timely manner varied between \$75 and \$700.
- Of the 12 receipts tested for rental income for fiscal year 2004, we noted 10 receipts (83%) were not deposited into the designated depository in accordance with the aforementioned provisions. Each of these receipts was \$950. Of these 10 instances, four were related to the fact that we could not determine when the receipt was deposited because the Cemetery could not provide us with validated deposit slips for the months of January 2004 through April 2004. In addition, one instance was related to the fact that there was no physical receipt written for the receipt of August 2004 rent, so we could not determine when the money was received by the Clerk.
- Of the 17 receipts tested for intergovernmental revenue for fiscal year 2004, we noted 14 receipts (82%) were not deposited into the designated depository in accordance with the aforementioned provisions. The range of those receipts not deposited in a timely manner varied between \$223 and \$16,935. Of these 14 instances, seven were related to the fact that we could not determine when the receipt was deposited because the Cemetery could not provide us with validated deposit slips for the months of January 2004 through April 2004. In addition, one instance was related to the fact that there was no physical receipt written for the transaction, so we could not determine when the money was received by the Clerk.
- Of the 20 receipts tested for intergovernmental revenue for fiscal year 2005, we noted 8 receipts (40%) were not deposited into the designated depository in accordance with the aforementioned provisions. The range of those receipts not deposited in a timely manner varied between \$196 and \$10,589.

**CHESTNUT GROVE CEMETERY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND DECEMBER 31, 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2005- 002
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Material Noncompliance (Continued)

Timely Deposits of Public Monies (Continued)

We recommend the Cemetery take the necessary steps to comply with the aforementioned Ohio Revised Code section, specifically, that all deposits be made in a timely manner. We recommend Cemetery personnel either deposit monies collected with the Treasurer or its local depository on the next business day following the day of receipt or the Cemetery adopt a policy requiring all monies collected to be deposited with the Treasurer or properly designated depository within three business days following the day of receipt, if the total amount of such monies is less than \$1,000. Additionally, such a policy must include procedures to safeguard the monies until the time of deposit.

Finding Number	2005- 003
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Material Noncompliance

Public Records

Ohio Revised Code Section 149.351 states that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions."

During our audit, we noted the Cemetery failed to provide the following upon request:

- Meeting minutes for the July 25, 2005 quarterly meeting or the October 24, 2005 quarterly meeting (we were provided with agendas for these meetings);
- "Transaction Detail by Account" report for the months of January, February, March, or July 2004;
- "Transaction Detail by Account" report detailing rental income receipts for the months of January through July 2004;
- Validated bank deposit slips for the months of January through April 2004;
- "Check Detail" report for the months of January through June 2004;
- First Federal of Lakewood bank statements for any month during fiscal year 2004, except October;
- First Federal of Lakewood bank statements for any month during fiscal year 2005, except April, July, and September;
- National City bank statement for the Cemetery's certificate of deposit for the month of December 2005;
- National City bank statements for the Cemetery's money market savings account for the months of August, October, November, and December 2005;
- Contract with the Clerk-Treasurer for the term beginning March 1, 2005;
- Depository agreements in effect during the audit period for National City Bank and First Federal of Lakewood bank;
- Pooled collateral statements for the months of June, September, and December 2005; and
- Adequate support for certain non-payroll expenditures.

**CHESTNUT GROVE CEMETERY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND DECEMBER 31, 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2005- 003
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Material Noncompliance (Continued)

Public Records (Continued)

The failure to maintain adequate public records relating to pay rates, receipts, and expenditures could result in a loss of accountability over the Cemetery's finances and make it difficult for the Cemetery to identify errors which could go undetected.

We recommend the Cemetery maintain all public records as required by the Ohio Revised Code.

Finding Number	2005- 004
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Material Weakness

Organization of Public Records

The primary source of information in conducting an audit is the records maintained by the Cemetery. Organized public records result in a more efficiently run audit. Cemetery management is responsible for adopting sound accounting policies and for establishing and maintaining internal controls that are designed to record, process, summarize, and report transactions consistent with management's assertions. Also, the fair presentation of financial statements, in accordance with either generally accepted accounting principles or another comprehensive basis of accounting, is a direct and integral part of management's responsibility to provide reliable and accurate information.

The Cemetery Clerk-Treasurer who was in office during the audit period resigned at the end of the audit period. The current Clerk-Treasurer took office in January 2006. It appears that the information maintained by the former Clerk-Treasurer was not very well organized, and this made it difficult for the current Clerk-Treasurer to determine the existence, organization, and accuracy of the public records and to provide the audit information in a timely manner. This also resulted in numerous requests for information and delays in the audit process, as we waited for the information to become available before we could finish portions of the audit.

The absence of organized public records could result in: the Cemetery's inability to detect errors in a timely manner; cash reconciliation issues; and the possibility of theft or losses that may go undetected.

We recommend the Cemetery develop and maintain a system of control and organization over financial records such that all records are sufficiently organized and available for efficient use by Cemetery management and external parties as appropriate. We also recommend the Cemetery develop policies and procedures regarding safekeeping and transferring of Cemetery records between Clerk-Treasurers when a new Clerk-Treasurer takes office.

**CHESTNUT GROVE CEMETERY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND DECEMBER 31, 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2005- 005
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Material Weakness

Bank Reconciliation Procedures

The Clerk-Treasurer should prepare a monthly book-to-bank reconciliation that includes all cash and investments.

During our review of cash and investments, we noted the following:

- No bank reconciliations were performed for any of the National City Bank accounts for the months of April 2005 and December 2005.
- No bank reconciliations were performed for the National City Bank commercial checking account or money market savings account for the month of August 2005.
- No bank reconciliation was performed for the National City Bank certificate of deposit account or money market savings account for the months of October 2005 and November 2005.
- No bank reconciliations were performed for the First Federal of Lakewood account for any month during the audit period, except July 2005 and September 2005.

For those reconciliations that were performed during the audit period, there was no evidence that these reconciliations were reviewed and approved by the Board.

The lack of a monthly reconciliation, and Board review and approval of those reconciliations, may result in errors or irregularities not being detected on a timely basis. The longer a variance goes undetected, the more difficult it is to determine the cause.

We recommend the Clerk-Treasurer prepare complete cash reconciliations on a monthly basis. Any variances should be noted and promptly investigated. The reconciliations should be reviewed and approved by the Board.

**CHESTNUT GROVE CEMETERY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND DECEMBER 31, 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2005- 006
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Material Weakness

Expenditure Review and Approval Process

During our review of fiscal year 2004 expenditures, we noted the following:

- Four instances in which the check was either not properly endorsed by the payee (and credit not guaranteed in absence of endorsement), or it was endorsed by a payee other than that listed on the check. Of these four instances, one involved a reimbursement to a particular Trustee in which he did not endorse his check at all.
- Two instances in which the Cemetery paid late fees and/or finance charges on its credit card.
- One instance in which the Cemetery paid a late fee on their phone bill.
- One instance in which the Cemetery paid an amount less than the amount listed on the related invoice.
- Two instances in which the Cemetery paid an amount more than the one listed on the related invoice.

During our review of fiscal year 2005 expenditures, we noted the following:

- 17 instances in which the check was either not properly endorsed by the payee (and credit not guaranteed in absence of endorsement), or it was endorsed by a payee other than that listed on the check. Of these 17 instances, 10 involved reimbursements to a particular Trustee in which he did not endorse his check at all.
- 27 instances in which the date on the handwritten check was different from the date in the check register. In most instances, the date on the handwritten check came after the check date listed on the "Check Detail" report, indicating the check was input prior to it actually being written. In all 27 instances, however, both the check date and the system date fell within the same month.
- Five instances in which the Cemetery paid a late fee on their phone bill.
- One instance in which the Cemetery paid their phone bill only after a disconnection notice was sent.
- Five instances in which the Cemetery paid sales tax.
- One instance in which the Cemetery had to pay a "past due" amount on their gas bill.

A lack of review of expenditures could result in unnecessary expenses, such as sales tax, late fees, and overpayments to vendors. It could also potentially lead to reconciliation issues if the information on the check register (for example, check date or check amount) does not agree to the information on the handwritten check. These issues could result in a loss of accountability over the Cemetery's finances and make it difficult to identify errors which could go undetected.

We recommend the Cemetery implement procedures to accurately review expenditures, their related support, and system-generated reports to reduce the amount of Cemetery funds being expended for unnecessary and preventable expenses, such as sales tax, late fees, and overpayments. We also recommend the Cemetery compare the information recorded in the check register to the information recorded on the checks themselves for accuracy.

Officials' Response to Above Findings:

The Board of Trustees recognizes the material noncompliance as set forth in the Auditor of State's letter. The situation has since been resolved by hiring a new Clerk-Treasurer and policies have been revised so that internal checks and balances apply. Such policies will govern financial procedures in the future.



Mary Taylor, CPA
Auditor of State

CHESTNUT GROVE CEMETERY

CUYAHOGA 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 18, 2008**