



**UNION HILL TOWNSHIP JOINT CEMETERY  
WOOD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005**



**Auditor of State  
Betty Montgomery**



**UNION HILL TOWNSHIP JOINT CEMETERY  
WOOD COUNTY**

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**Auditor of State  
Betty Montgomery**

Union Hill Township Joint Cemetery  
Wood County  
18745 Brim Road  
Bowling Green, OH 43402-9318

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.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

November 14, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Union Hill Township Joint Cemetery  
Wood County  
18745 Brim Road  
Bowling Green, OH 43402-9318

To the Board of Trustees:

We have audited the accompanying financial statements of Union Hill Township Joint Cemetery, Wood County, (the Cemetery) as of and for the years ended December 31, 2005 and 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 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 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 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 Union Hill Township Joint Cemetery, Wood County, as of December 31, 2005 and 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 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 November 14, 2006, 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.



**Betty Montgomery**  
Auditor of State

November 14, 2006



**UNION HILL TOWNSHIP JOINT CEMETERY  
WOOD 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>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$19,000		\$19,000
Charges for Services	9,495	\$1,055	10,550
Sale of Lots	7,000	1,750	8,750
Interest		420	420
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	35,495	3,225	38,720
<b>Cash Disbursements:</b>			
Current:			
Salaries	16,543		16,543
Supplies	682		682
Contracts - Services	5,524		5,524
Public Employees' Retirement	2,146		2,146
Workers' Compensation	1,048		1,048
Miscellaneous	9		9
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	25,952		25,952
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over Cash Disbursements	9,543	3,225	12,768
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	4,571	31,183	35,754
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$14,114</u></b>	<b><u>\$34,408</u></b>	<b><u>\$48,522</u></b>

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

**UNION HILL TOWNSHIP JOINT CEMETERY  
WOOD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$15,000		\$15,000
Charges for Services	5,400	\$600	6,000
Sale of Lots	4,000	1,000	5,000
Interest		291	291
Miscellaneous	13		13
	<u>24,413</u>	<u>1,891</u>	<u>26,304</u>
<b>Total Cash Receipts</b>			
	<u>24,413</u>	<u>1,891</u>	<u>26,304</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	16,543		16,543
Supplies	33		33
Contracts - Services	3,785		3,785
Public Employees' Retirement	2,141		2,141
Workers' Compensation	1,706		1,706
Miscellaneous	383		383
	<u>24,591</u>		<u>24,591</u>
<b>Total Cash Disbursements</b>			
	<u>24,591</u>		<u>24,591</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(178)</u>	<u>1,891</u>	<u>1,713</u>
Fund Cash Balances, January 1	<u>4,749</u>	<u>29,292</u>	<u>34,041</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$4,571</b></u>	<u><b>\$31,183</b></u>	<u><b>\$35,754</b></u>

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

**UNION HILL TOWNSHIP JOINT CEMETERY  
WOOD 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 Union Hill Township Joint Cemetery, Wood County, (the Cemetery) as a body corporate and politic. Center, Middleton, and Plain Townships 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**

The Cemetery records certificates of deposit at cost.

**D. Fund Accounting**

The Cemetery uses fund accounting to segregate cash that is 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. Special Revenue Funds**

These funds present proceeds from specific sources (other than from trusts or for capital projects) restricted to expenditure for specific purposes. The Cemetery had the following significant Special Revenue Fund:

Perpetual Care Fund - This fund receives a portion of the receipts from all lot sales and opening/closing fees. The fund's resources finance Cemetery maintenance costs.

**UNION HILL TOWNSHIP JOINT CEMETERY  
WOOD COUNTY**

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

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

**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. 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:

	<u>2005</u>	<u>2004</u>
Demand deposits	\$18,831	\$6,472
Certificates of deposit	29,691	29,282
Total deposits	<u>\$48,522</u>	<u>\$35,754</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**3. RETIREMENT SYSTEM**

The Cemetery's Clerk-Treasurer and Sexton 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 2005 and 2004, OPERS employee members contributed 8.5 percent of their gross salaries. The Cemetery contributes an amount equal to 13.55 percent of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2005.

**4. RISK MANAGEMENT**

**Risk Pool Membership**

The Cemetery is exposed to various risks of property and casualty losses, and injuries to employees.

The Cemetery insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Cemetery belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**UNION HILL TOWNSHIP JOINT CEMETERY  
WOOD COUNTY**

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

**4. RISK MANAGEMENT – (Continued)**

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

**UNION HILL TOWNSHIP JOINT CEMETERY  
WOOD COUNTY**

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

**4. RISK MANAGEMENT – (Continued)**

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Union Hill Township Joint Cemetery  
Wood County  
18745 Brim Road  
Bowling Green, OH 43402-9318

To the Board of Trustees:

We have audited the financial statements of Union Hill Township Joint Cemetery, Wood County, (the Cemetery) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated November 14, 2006, 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. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

**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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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Union Hill Township Joint Cemetery  
Wood County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 14, 2006





**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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**UNION HILL TOWNSHIP JOINT CEMETERY**

**WOOD 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  
DECEMBER 12, 2006**