



**Auditor of State  
Betty Montgomery**



WINCHESTER UNION CEMETERY DISTRICT  
ADAMS COUNTY

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**Auditor of State  
Betty Montgomery**

Winchester Union Cemetery District  
Adams County  
200 E. South St.  
Winchester, Ohio 45697

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 Cemetery District 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

September 6, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANT'S REPORT**

Winchester Union Cemetery District  
Adams County  
200 E. South St.  
Winchester, Ohio 45697

To the Board of Trustees:

We have audited the accompanying financial statements of the Winchester Union Cemetery District, Adams County, Ohio (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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed 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 reasonable 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 year ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 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 the 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 year 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 their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance of the Cemetery 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 year 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 September 6, 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

September 6, 2006



**WINCHESTER UNION CEMETERY DISTRICT  
ADAMS COUNTY**

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

|   | <b>2005</b>     | <b>2004</b>     |
|---|-----------------|-----------------|
| <b>Cash Receipts:</b>                               |                 |                 |
| Local Taxes   | \$19,958        | \$21,634        |
| Intergovernmental                                   | 2,803           | 2,802           |
| Cemetery Lot Sales                                  | 600             | 5,100           |
| Interest  | 751             | 1,458           |
| Miscellaneous                                       | 204             | 0               |
|   | <b>24,316</b>   | <b>30,994</b>   |
| <b>Cash Disbursements:</b>                          |                 |                 |
| Curent:   |                 |                 |
| Salaries  | 1,891           | 1,891           |
| Contracts - Services                                | 10,170          | 11,073          |
| Public Employees' Retirement                        | 480             | 423             |
| Workers' Compensation                               | 40              | 53              |
| IRS   | 93              | 28              |
| Audit Fees  | 0               | 2,999           |
| Miscellaneous                                       | 1,043           | 1,280           |
|   | <b>13,717</b>   | <b>17,747</b>   |
| Total Cash Receipts Over/(Under) Cash Disbursements | <b>10,599</b>   | <b>13,247</b>   |
| Fund Cash Balances, January 1                       | <b>43,724</b>   | <b>30,477</b>   |
| <b>Fund Cash Balances, December 31</b>              | <b>\$54,323</b> | <b>\$43,724</b> |

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

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**WINCHESTER UNION CEMETERY DISTRICT  
ADAMS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Winchester Union Cemetery District, Adams County, (the Cemetery) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Cemetery is directed by an appointed three-member Board of Trustees. The Village of Winchester and Winchester Township are represented on the Board of Trustees. The Cemetery provides grounds maintenance 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash Deposits**

The Cemetery maintains all funds in an interest-bearing checking account and certificates of deposit. Certificates of deposit are valued at cash,

**D. Fund Accounting**

The Cemetery has no cash and deposits that are restricted as to use. The General Fund is the general operating fund. It is used to account for all financial resources. Currently, this is the only fund used by the Cemetery.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Board annually approves an appropriation measure and any subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**WINCHESTER UNION CEMETERY DISTRICT  
ADAMS COUNTY**

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

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

**3. Encumbrances**

The Ohio Revised Code requires the Cemetery to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Cemetery did not have material encumbrances outstanding at December 31, 2005 and 2004.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**2. POOLED CASH DEPOSITS**

The Cemetery maintains a checking account and certificates of deposit. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash deposits at December 31 follows:

|                         | 2004     | 2005     |
|-------------------------|----------|----------|
| Demand deposits         | \$27,424 | \$38,023 |
| Certificates of deposit | 16,300   | 16,300   |
| Total deposits          | \$43,724 | \$54,323 |

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

| 2005 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$23,500             | \$24,316           | \$816    |
|                                   | \$23,500             | \$24,316           | \$816    |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$27,600                   | \$13,717                  | \$13,883 |
|   | \$27,600                   | \$13,717                  | \$13,883 |

| 2004 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$23,200             | \$30,994           | \$7,794  |
|                                   | \$23,200             | \$30,994           | \$7,794  |

**WINCHESTER UNION CEMETERY DISTRICT  
ADAMS COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

| 2004 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$24,500                   | \$17,747                  | \$6,753  |

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Cemetery.

**5. RETIREMENT SYSTEMS**

The Cemetery's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, PERS employee members contributed 8.5% of their gross salaries. The Cemetery contributed an amount equal to 13.55% of participants' gross salaries for 2005 and 2004. The Cemetery has paid all contributions required through December 31, 2005.

**6. RISK MANAGEMENT**

The Winchester Union Cemetery District obtained commercial insurance coverage for general liability for 2004, however the premium was not paid in 2005 and cancellation of coverage was effective April 29, 2005. Insurance coverage has since been reinstated effective February 6, 2006. The Winchester Union Cemetery has not obtained coverage for errors and omissions risks.

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**Auditor of State  
Betty Montgomery**

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

Winchester Union Cemetery District  
Adams County  
200 E. South St.  
Winchester, Ohio 45697

To the Board of Trustees:

We have audited the financial statement of Winchester Union Cemetery District, Adams County, Ohio (the Cemetery), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 6, 2006, wherein we noted the Cemetery prepared its financial statement using accounting practices the Auditor of State established rather than accounting practices 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting in order to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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. A reportable condition is described in the accompanying schedule of findings as 2005-001.

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 over financial reporting that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is not a material weakness. In a separate letter to the Cemetery's management dated September 6, 2006, 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 effect 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Cemetery's management dated September 6, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

September 6, 2006



**WINCHESTER UNION CEMETERY  
ADAMS COUNTY**

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

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2005-001**

**Reportable Condition**

The Cemetery District should maintain an accounting system and accounting records sufficient 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. Accounting records that can help achieve these objectives include:

- a. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- b. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund.
- c. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution.

The Cemetery District did not maintain a complete cash journal, receipts or appropriation ledger, nor were bank reconciliations performed for the first six months of 2004. As a result, the Cemetery District was unable to prepare financial statements at the level required by the Ohio Administrative Code for 2004. It was also noted that invoice documentation was not maintained for all expenditures; however we were able to perform alternative audit procedures to determine the validity of expenditures. We recommend the Cemetery District implement the suggested recordkeeping methods listed above and in OAC 117-2-02 to ensure that the Cemetery District maintains the proper accounting records.

**Officials' Response**

The Cemetery District experienced two clerk changes during the audit period. The current clerk and board will be striving to correct any deficits as noted in the audit and will take all the recommendations into consideration. There were bookkeeping deficiencies, but hopefully these can be improved upon. Thank you for your time and the information you have given in this audit.





**Auditor of State  
Betty Montgomery**

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**WINCHESTER UNION CEMETERY DISTRICT**

**ADAMS 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  
OCTOBER 5, 2006**