



**SCOTTS UNION CEMETERY
ERIE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005



**Auditor of State
Betty Montgomery**

**SCOTTS UNION CEMETERY
ERIE COUNTY**

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**Auditor of State
Betty Montgomery**

Scotts Union Cemetery
Erie County
507 C Liberty Drive
Huron, Ohio 44839-1529

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

July 6, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Scotts Union Cemetery
Erie County
507 C Liberty Drive
Huron, Ohio 44839-1529

To the Board of Trustees:

We have audited the accompanying financial statements of the Scotts Union Cemetery, Erie 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 combined fund cash balances of the Scotts Union Cemetery, Erie County, as of December 31, 2005 and 2004, and its combined 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 July 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

July 6, 2006

**SCOTTS UNION CEMETERY
ERIE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	General Fund	Fiduciary Funds	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$ 10,000		\$ 10,000
Sale of lots and burial fees	12,225		12,225
Miscellaneous		\$ 28	28
	<u>22,225</u>	<u>28</u>	<u>22,253</u>
Total Cash Receipts	<u>22,225</u>	<u>28</u>	<u>22,253</u>
Cash Disbursements:			
Current:			
Intergovernmental	25,300		25,300
Equipment	1,653		
Insurance	100		
Miscellaneous	193	48	241
	<u>27,246</u>	<u>48</u>	<u>25,541</u>
Total Disbursements	<u>27,246</u>	<u>48</u>	<u>25,541</u>
Excess of Cash Disbursements Over Cash Receipts	(5,021)	(20)	(5,041)
Fund Cash Balances, January 1	<u>24,392</u>	<u>1,773</u>	<u>26,165</u>
Fund Cash Balances, December 31	<u><u>\$ 19,371</u></u>	<u><u>\$ 1,753</u></u>	<u><u>\$ 21,124</u></u>

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

**SCOTTS UNION CEMETERY
ERIE COUNTY**

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

	<u>General Fund</u>	<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$ 6,150		\$ 6,150
Sale of lots and burial fees	18,225		18,225
Interest		\$ 3	
Miscellaneous	70		70
	<u>24,445</u>	<u>3</u>	<u>24,445</u>
Total Cash Receipts	<u>24,445</u>	<u>3</u>	<u>24,445</u>
Cash Disbursements:			
Current:			
Intergovernmental	23,430		23,430
Insurance	300		
Contract services	1,133		1,133
Miscellaneous	80	118	198
	<u>24,943</u>	<u>118</u>	<u>24,761</u>
Total Disbursements	<u>24,943</u>	<u>118</u>	<u>24,761</u>
Excess of Cash Disbursements Over Cash Receipts	(498)	(115)	(613)
Fund Cash Balances, January 1	<u>24,890</u>	<u>1,888</u>	<u>26,778</u>
Fund Cash Balances, December 31	<u><u>\$ 24,392</u></u>	<u><u>\$ 1,773</u></u>	<u><u>\$ 26,165</u></u>

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

**SCOTTS UNION CEMETERY
ERIE 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 Scotts Union Cemetery, Erie County, (the Cemetery) as a body corporate and politic. The Cemetery is directed by an appointed three-member Board of Trustees. One member each is appointed by the City of Huron, Huron Township, and Milan Township. These entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

The Cemetery's management believes 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. Fund Accounting

The Cemetery uses fund accounting to segregate cash and investments that are 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 is used to account for all financial resources except those required to be accounted for in another fund.

2. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Cemetery is acting in an agency capacity. The Cemetery had the following Fiduciary Funds:

Mary E. Sales Trust, Ruby Schnell Trust, and the Wilbor Trust - These funds receive interest from fund investments. Proceeds are used to maintain grave sites.

D. 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.

**SCOTTS UNION CEMETERY
ERIE COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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	\$19,371	\$24,392
Savings accounts	<u>1,753</u>	<u>1,773</u>
Total deposits	<u><u>21,124</u></u>	<u><u>26,165</u></u>

Deposits are insured by the Federal Depository Insurance Corporation.

3. RISK MANAGEMENT

The City of Huron provides general insurance coverage for the Cemetery.

4. RELATED PARTY TRANSACTIONS

Huron Township is one of the governments that appoints a member to the Cemetery Board of Trustees and provides funding to the Cemetery through quarterly assessments. The Cemetery has an agreement with the Huron Township Trustees to provide maintenance and grave opening services at the Cemetery. The Township assesses the Cemetery 50% of the labor required as well as 50 % of the burial fees collected by the Cemetery. The Cemetery reimbursed the Township \$25,300 in 2005 and \$23,430 in 2004.



**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***

Scotts Union Cemetery
Erie County
507 C Liberty Drive
Huron, Ohio 44839-1529

To the Board of Trustees:

We have audited the financial statements of the Scotts Union Cemetery, Erie County (the Cemetery) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 6, 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*.

Scotts Union Cemetery
Erie 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

July 6, 2006



**Auditor of State
Betty Montgomery**

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SCOTTS UNION CEMETERY

ERIE 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
AUGUST 24, 2006**