



**Auditor of State  
Betty Montgomery**



NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY

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**Auditor of State  
Betty Montgomery**

New Holland Union Cemetery  
Pickaway County  
PO Box 75  
New Holland, Ohio 43145

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 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 black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

September 12, 2006

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

New Holland Union Cemetery  
Pickaway County  
PO Box 75  
New Holland, Ohio 43145

To the Board of Trustees:

We have audited the accompanying financial statement of New Holland Union Cemetery, Pickaway County, (the Cemetery) as of and for the year ended December 31, 2004. The financial statement is the responsibility of the Cemetery's management. Our responsibility is to express an opinion on the financial statement 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 statement is 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. The Cemetery processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Cemetery because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 year ended December 31, 2004. Instead of the fund cash balances the accompanying financial statement presents for 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Cemetery does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does 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 statement. 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.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2004 does 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, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the fund cash balances and reserves for encumbrances of New Holland Union Cemetery, Pickaway County, Ohio as of December 31, 2004, and its cash receipts and disbursements for the year 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, 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 12, 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 12, 2006



**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL AND NON-EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | <u>General</u>        | <u>Non-<br/>Expendable<br/>Trust</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|-----------------------|--------------------------------------|---|
| <b>Cash Receipts:</b>   |                       |                                      |   |
| Intergovernmental   | \$29,500              | \$0                                  | \$29,500                                |
| Charges for Services  | 8,640                 | 0                                    | 8,640                                   |
| Interest  | 128                   | 570                                  | 698                                     |
| Sale of Lots  | 2,050                 | 0                                    | 2,050                                   |
|   | <u>40,318</u>         | <u>570</u>                           | <u>40,888</u>                           |
| <b>Total Cash Receipts</b>  |                       |                                      |   |
| <b>Cash Disbursements:</b>  |                       |                                      |   |
| Current:  |                       |                                      |   |
| Health  | 37,028                | 0                                    | 37,028                                  |
| Other   | 0                     | 321                                  | 321                                     |
| Capital Outlay  | 79,675                | 0                                    | 79,675                                  |
| Debt Service:   |                       |                                      |   |
| Redemption of Principal   | 3,487                 | 0                                    | 3,487                                   |
|   | <u>120,190</u>        | <u>321</u>                           | <u>120,511</u>                          |
| <b>Total Disbursements</b>  |                       |                                      |   |
| Total Receipts Over/(Under) Disbursements   | <u>(79,872)</u>       | <u>249</u>                           | <u>(79,623)</u>                         |
| <b>Other Financing Receipts:</b>  |                       |                                      |   |
| Debt Proceeds   | 70,000                | 0                                    | 70,000                                  |
|   | <u>70,000</u>         | <u>0</u>                             | <u>70,000</u>                           |
| <b>Total Other Financing Receipts</b>   |                       |                                      |   |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements | (9,872)               | 249                                  | (9,623)                                 |
| Fund Cash Balances, January 1   | <u>16,532</u>         | <u>25,364</u>                        | <u>41,896</u>                           |
| <b>Fund Cash Balances, December 31</b>  | <b><u>\$6,660</u></b> | <b><u>\$25,613</u></b>               | <b><u>\$32,273</u></b>                  |
| Reserves for Encumbrances, December 31  | <u>\$600</u>          | <u>\$0</u>                           | <u>\$600</u>                            |

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

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**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

New Holland Union Cemetery, Pickaway 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 a jointly governed organization comprised of Perry Township (the Township) and the Village of New Holland (the Village). The Cemetery is directed by an appointed three-member Board of Trustees. The Board is appointed by the Township and the Village. These entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The funding provided to the Cemetery from these subdivisions is reported as Intergovernmental Receipts in the accompanying financial statements. The Cemetery provides grounds maintenance, grave opening and closing, and the sale of lots.

The Cemetery's management believes these financial statements present all activities for which the Cemetery is financially accountable.

**B. Basis of Accounting**

This financial statement follows 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.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Cemetery includes investments as assets. The Cemetery does not report purchases of investments as disbursements or investment sales as receipts. The Cemetery recognizes gains or losses at the time of sale as receipts or disbursements, respectively.

Certificates of Deposit are valued at cost.

**D. Encumbrances**

For control purposes the Cemetery reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2004  
(Continued)**

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

**E. 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 presents all financial resources except those required to be accounted for in another fund.

**2. Non-Expendable Trust Fund**

Cemetery Bequest Fund – This fund receives interest from fund investments. Proceeds are used to maintain grave sites.

**F. Property, Plant, and Equipment**

The financial statement reports acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The financial statement does not report these items as assets.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Cemetery maintains a cash and investments pool used by all funds, except for the Non-Expendable Trust fund. The principal amount of the Cemetery Bequest is invested in Certificates of Deposit. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

|                                | 2004     |
|--------------------------------|----------|
| Demand deposits                | \$12,573 |
| Total deposits                 | 12,573   |
| Certificates of deposit        | 19,700   |
| Total Investments              | 19,700   |
| Total deposits and investments | \$32,273 |

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

**3. DEBT**

Debt outstanding at December 31, 2004 was as follows:

|                            | Principal | Interest Rate |
|----------------------------|-----------|---------------|
| 2004 Home Loan (Bank Note) | \$69,652  | 4.00%         |

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
December 31, 2004  
(Continued)**

**3. DEBT (Continued)**

The 2004 Home Loan relates to the purchase of a new modular home in 2004 for the Sexton's residence. The Note is will be repaid in monthly installments of \$387, including interest, with a balloon payment due in 2009. The Loan will be paid with future intergovernmental funds received by the Cemetery and is secured by the modular home.

Amortization of the above debt, including interest, is scheduled as follows:

| Year ending December 31: | 2004 Home<br>Loan |
|--------------------------|-------------------|
| 2005                     | \$4,649           |
| 2006                     | 4,649             |
| 2007                     | 4,649             |
| 2008                     | 4,649             |
| 2009                     | 62,393            |
| Total                    | \$80,989          |

**4. RETIREMENT SYSTEMS**

The Cemetery's employees 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 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, 2004.

**5. RISK MANAGEMENT**

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

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
December 31, 2004  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

Financial Position

PEP'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:

| <u>Casualty Coverage</u> | <u>2004</u>         | <u>2003</u>         |
|--------------------------|---------------------|---------------------|
| Assets                   | \$30,547,049        | \$25,288,098        |
| Liabilities              | <u>(16,989,918)</u> | <u>(12,872,985)</u> |
| Retained earnings        | <u>\$13,557,131</u> | <u>\$12,415,113</u> |

| <u>Property Coverage</u> | <u>2004</u>        | <u>2003</u>        |
|--------------------------|--------------------|--------------------|
| Assets                   | \$3,652,970        | \$3,158,813        |
| Liabilities              | <u>(544,771)</u>   | <u>(792,061)</u>   |
| Retained earnings        | <u>\$3,108,199</u> | <u>\$2,366,752</u> |



## 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*

New Holland Union Cemetery  
Pickaway County  
PO Box 75  
New Holland, Ohio 43145

To the Board of Trustees:

We have audited the financial statements of New Holland Union Cemetery, Pickaway County, Ohio (the Cemetery) as of and for the year ended December 31, 2004, and have issued our report thereon dated September 12, 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 and wherein we noted that the Cemetery uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Cemetery because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 statement 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 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 statement. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Cemetery's management dated September 12, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Cemetery's financial statement is 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*. In a separate letter to the Cemetery's management dated September 12, 2006, we reported an other matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

September 12, 2006



**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2004-001**

**Reportable Condition**

**Employee Contract**

Sound internal controls require a formal employment contract with each employee. The contract should specify the employee's administrative position and duties as included in the job description, the salary and other compensation to be paid for performance of duties, the number of days to be worked, the number of days of vacation leave, if any, and any paid holidays in the contractual year.

The Board of Trustees does not have a formal employment contract with the Cemetery Sexton. The Cemetery Sexton was paid a quarterly stipend to cover utility costs and was provided free housing in the year ended December 31, 2004.

Failure to document all compensation amounts in an approved contract may result in the Cemetery paying the Sexton more than his authorized salary and benefits amount. In addition, without a contract, the Sexton's job responsibilities are not defined; thus making it difficult for the Board to evaluate the Sexton's job performance.

We recommend the Board enter into a formal contract with the Sexton that includes defining the job duties, salary compensation, fringe benefits, including housing and stipends, and any leave benefits for the Sexton.

**Officials' Response:**

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





**Auditor of State  
Betty Montgomery**

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**NEW HOLLAND UNION CEMETERY**

**PICKAWAY 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  
NOVEMBER 9, 2006**