



**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007-2006



Mary Taylor, CPA
Auditor of State

**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

New Holland Union Cemetery
Pickaway County
P.O. Box 75
New Holland, Ohio 43145

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the New Holland Union Cemetery, Pickaway County, Ohio (the Cemetery), as of and for the year ended December 31, 2007 and 2006, which collectively comprise the Cemetery's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express opinions 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. 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the New Holland Union Cemetery, Pickaway County, Ohio, as of December 31, 2007 and 2006, and the respective changes in modified cash financial position thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

The Cemetery did not present 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 basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 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.

We conducted our audit to opine on the financial statements that collectively comprise the Cemetery's basic financial statements. The Schedule of Receipts, Disbursements and Changes in Fund Balance Budget and Actual – Budget Basis – General Fund for the years ended December 31, 2007 and 2006 provide additional information and are not a required part of the basic financial statements. We did not subject the Schedule of Receipts, Disbursements and Changes in Fund Balance Budget and Actual – Budget Basis – General Fund for the years ended December 31, 2007 and 2006 to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Mary Taylor, CPA
Auditor of State

September 10, 2008

NEW HOLLAND CEMETERY, PICKAWAY COUNTY

Statement of Net Assets - Modified Cash Basis

December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$28,535
Investments	20,249
<i>Total Assets</i>	<u><u>\$48,785</u></u>
Net Assets	
Unrestricted	\$48,785
<i>Total Net Assets</i>	<u><u>\$48,785</u></u>

See accompanying notes to the basic financial statements

NEW HOLLAND CEMETERY, PICKAWAY COUNTY

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2007

	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Governmental Activities</u>
Governmental Activities			
Health	\$39,585	\$18,210	(\$21,375)
Capital Outlay	6,266	0	(6,266)
Debt Service:			0
Principal	1,932	0	(1,932)
Interest	2,717	0	(2,717)
<i>Total Governmental Activities</i>	<u>\$50,500</u>	<u>\$18,210</u>	(32,290)
General Receipts			
Grants and Entitlements not Restricted to Specific Programs			65,278
Earnings on Investments			512
<i>Total General Receipts</i>			65,790
Change in Net Assets			33,563
<i>Net Assets Beginning of Year</i>			15,285
<i>Net Assets End of Year</i>			<u>\$48,785</u>

See accompanying notes to the basic financial statements

NEW HOLLAND CEMETERY, PICKAWAY COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
General Fund
December 31, 2007

Assets

Equity in Pooled Cash and Cash Equivalents	\$28,535
Investments	20,249
<i>Total Assets</i>	<u>\$48,785</u>

Fund Balance

Reserved:	
Reserved for Encumbrances	\$408
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	48,377
<i>Total Fund Balance</i>	<u>\$48,785</u>

See accompanying notes to the basic financial statements

NEW HOLLAND CEMETERY, PICKAWAY COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
General Fund
For the Year Ended December 31, 2007

Receipts

Charges for Services	\$10,310
Intergovernmental	65,278
Earnings on Investments	512
Miscellaneous	<u>7,900</u>
 Total Receipts	 <u>84,000</u>

Disbursements

Current:	
Health	39,585
Capital Outlay	6,266
Debt Service:	
Principal Retirement	1,932
Interest and Fiscal Charges	<u>2,717</u>
 Total Disbursements	 <u>50,500</u>
 Net Change in Fund Balance	 33,499
 Fund Balance Beginning of Year	 <u>15,285</u>
 Fund Balance End of Year	 <u><u>\$48,785</u></u>

See accompanying notes to the basic financial statements

NEW HOLLAND CEMETERY, PICKAWAY COUNTY
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Fund
December 31, 2007

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$6,512
Investments	19,700
<i>Total Assets</i>	<u><u>\$26,212</u></u>
Net Assets	
Restricted for:	
Held for Maintenance of Grave Sites	<u>\$26,212</u>
<i>Total Net Assets</i>	<u><u>\$26,212</u></u>

See accompanying notes to the basic financial statements

NEW HOLLAND CEMETERY, PICKAWAY COUNTY
Statement of Changes in Fiduciary Net Assets - Modified Cash Basis
Fiduciary Fund
For the Year Ended December 31, 2007

	Private Purpose Trust
Additions	
Interest	\$465
<i>Total Additions</i>	465
Deductions	
Payments in Accordance with Trust Agreements	217
<i>Total Deductions</i>	217
Change in Net Assets	249
Net Assets - Beginning of Year	25,963
Net Assets - End of Year	\$26,212

See accompanying notes to the basic financial statements

NEW HOLLAND CEMETERY, PICKAWAY COUNTY

Statement of Net Assets - Modified Cash Basis

December 31, 2006

	Governmental Activities
Assets	
Cash	\$15,285
<i>Total Assets</i>	<u>\$15,285</u>
Net Assets	
Unrestricted	\$15,285
<i>Total Net Assets</i>	<u>\$15,285</u>

See accompanying notes to the basic financial statements

NEW HOLLAND CEMETERY, PICKAWAY COUNTY

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Health	\$36,212	\$18,135	\$1,500	(\$16,577)
Capital Outlay	113	0	0	(113)
Debt Service:				
Principal	2,649	0	0	(2,649)
Interest	2,000	0	0	(2,000)
<i>Total Governmental Activities</i>	\$40,974	\$18,135	\$1,500	(21,339)
General Receipts				
Grants and Entitlements not Restricted to Specific Programs				23,230
Sale of Fixed Assets				113
Earnings on Investments				115
Total General Receipts				23,458
Change in Net Assets				2,119
<i>Net Assets Beginning of Year</i>				13,166
<i>Net Assets End of Year</i>				\$15,285

See accompanying notes to the basic financial statements

NEW HOLLAND CEMETERY, PICKAWAY COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
General Fund
December 31, 2006

Assets

Cash	\$15,285
<i>Total Assets</i>	<u>\$15,285</u>

Fund Balances

Reserved:	
Reserved for Encumbrances	\$234
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	15,051
<i>Total Fund Balance</i>	<u>\$15,285</u>

See accompanying notes to the basic financial statements

NEW HOLLAND CEMETERY, PICKAWAY COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
General Fund
For the Year Ended December 31, 2006

Receipts

Charges for Services	\$11,635
Intergovernmental	23,230
Earnings on Investments	115
Miscellaneous	<u>8,000</u>
 Total Receipts	 <u>42,980</u>

Disbursements

Current:	
Health	36,212
Capital Outlay	113
Debt Service:	
Principal Retirement	2,649
Interest and Fiscal Charges	<u>2,000</u>
 Total Disbursements	 <u>40,974</u>

Excess of Receipts Over Disbursements	<u>2,006</u>
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Other Financing Sources

Sales of Fixed Assets	<u>113</u>
 Net Change in Fund Balance	 2,119
 Fund Balance Beginning of Year	 <u>13,166</u>
 Fund Balance End of Year	 <u><u>\$15,285</u></u>

See accompanying notes to the basic financial statements

NEW HOLLAND CEMETERY, PICKAWAY COUNTY
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Fund
December 31, 2006

	<u>Private Purpose Trust</u>
Assets	
Cash	\$6,263
Investments	19,700
<i>Total Assets</i>	<u><u>\$25,963</u></u>
Net Assets	
Restricted for:	
Held for Maintenance of Grave Sites	<u>\$25,963</u>
<i>Total Net Assets</i>	<u><u>\$25,963</u></u>

See accompanying notes to the basic financial statements

NEW HOLLAND CEMETERY, PICKAWAY COUNTY
Statement of Changes in Fiduciary Net Assets - Modified Cash Basis
Fiduciary Fund
For the Year Ended December 31, 2006

	Private Purpose Trust
Additions	
Interest	\$412
<i>Total Additions</i>	412
Deductions	
Payments in Accordance with Trust Agreements	298
<i>Total Deductions</i>	298
Change in Net Assets	114
Net Assets - Beginning of Year	25,849
Net Assets - End of Year	\$25,963

See accompanying notes to the basic financial statements

**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

Note 1 – Reporting Entity

The New Holland Union Cemetery, Pickaway County, Ohio (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.

A. Primary Government

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 openings and closings and the sale of lots.

B. Component Units

Component units are legally separate organizations for which the Cemetery is financially accountable. The Cemetery is financially accountable for an organization if the Cemetery appoints a voting majority of the organization's governing board and (1) the Cemetery is able to significantly influence the programs or services performed or provided by the organization; or (2) the Cemetery is legally entitled to or can otherwise access the organization's resources; the Cemetery is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Cemetery is obligated for the debt of the organization. The Cemetery is also financially accountable for any organizations that are fiscally dependent on the Cemetery in that the Cemetery approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Cemetery, are accessible to the Cemetery and are significant in amount to the Cemetery. The Cemetery has no such component units.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a *modified* cash basis of accounting. This *modified* cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the *modified* cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Cemetery does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Cemetery's accounting policies.

**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

The Cemetery's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Cemetery as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Cemetery that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the governmental activities of the Cemetery at year end. The statement of activities compares disbursements with program receipts for each of the Cemetery's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Cemetery is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a modified cash basis or draws from the Cemetery's general receipts.

Fund Financial Statements

During the year, the Cemetery segregates transactions related to certain Cemetery functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Cemetery at this more detailed level. The focus of governmental financial statements is on the Cemetery's General Fund and Private Purpose Trust fund.

B. Fund Accounting

The Cemetery uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Cemetery's funds are all classified as governmental and fiduciary.

Governmental Funds

The Cemetery classifies funds financed primarily from intergovernmental receipts and other nonexchange transactions as governmental funds. The Cemetery's only governmental fund is the General Fund. The General Fund is used to account for all financial resources. The General Fund balance is available to the Cemetery for any purpose provided it is expended according to the general laws of Ohio.

**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary funds include private purpose trust funds. Trust funds are used to account for assets held under a trust agreement for individuals which are not available to support the Cemetery's own programs. The

Cemetery's private purpose trust fund accounts for endowments held for the maintenance of individual graves.

C. Basis of Accounting

The Cemetery's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Cemetery's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Cemetery are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

The Cemetery is not legally required to prepare an annual budget. However, the Cemetery has established a budget for fiscal year 2007 and 2006 which have been presented as supplemental information to the Cemetery's financial statements.

E. Cash and Investments

To improve cash management, cash received by the Cemetery is pooled and invested; except for the Private Purpose Trust Fund in which the principal of the fund is invested. Individual fund integrity is maintained through Cemetery records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2007 and 2006, the Cemetery invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Cemetery funds according to State statutes. Interest receipts credited to the General Fund during 2007 was \$512 and during 2006 it was \$115. Interest receipts credited to the Private Purpose Trust fund during 2007 was \$465 and during 2006 it was \$412.

F. Capital Assets

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

**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

G. Employer Contributions to Cost-Sharing Pension Plans

The Cemetery recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

H. Long-Term Obligations

The Cemetery's *modified* cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

I. Net Assets

Net assets are reported as restricted when there are limitation imposed on their use either through enabling legislation or through external restriction imposed by creditors, grantors, or laws or regulations of other governments. The Cemetery has no restricted new assets for 2007 or 2006.

Note 3 – Deposits and Investments

Monies held by the Cemetery are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Cemetery treasury. Active monies must be maintained either as cash in the Cemetery treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Cemetery can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006
(Continued)**

Note 3 - Deposits and Investments (continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Cemetery, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Cemetery had no undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Cemetery will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, none of the Cemetery's bank balance was exposed to custodial credit risk because the entire amount was secured by the Federal Depository Insurance Corporation (FDIC).

The Cemetery has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Cemetery or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007, the Cemetery had the following investments in certificates of deposit:

	<u>Carrying Value</u>	<u>Maturity</u>
Trust Fund	\$1,000	15 months
Trust Fund	\$13,200	15 months
Trust Fund	\$4,000	15 months
General Fund	\$20,249	15 months
Trust Fund	\$1,500	15 months
Total Certificates of Deposit	<u>\$39,949</u>	

**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006
(Continued)**

Note 3 - Deposits and Investments (continued)

As of December 31, 2006, the Cemetery had the following investments in certificates of deposits:

	<u>Carrying Value</u>	<u>Maturity</u>
Trust Fund	\$1,000	15 months
Trust Fund	\$13,200	15 months
Trust Fund	\$4,000	15 months
Trust Fund	\$1,500	15 months
Total Certificates of Deposit	<u>\$19,700</u>	

These certificates of deposit are non-negotiable certificates of deposit which are matched to a specific fund for the maintenance of graves and are the only type of investment held by the Cemetery.

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 4- Risk Management

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 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

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year.

**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006
(Continued)**

Note 4- Risk Management (continued)

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP'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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, 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 values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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 government.

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

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, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Cemetery's share of these unpaid claims collectible in future years is approximately \$576. This payable includes the subsequent year's contribution due if the Cemetery terminates participation, as described in the last paragraph below.

**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006
(Continued)**

Note 4- Risk Management (continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2005	\$501
2006	\$501
2007	\$501

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 5- Defined Benefit Pension Plan

The Cemetery participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2007 and December 31, 2006, the members of all three plans participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries in 2007 and 9.0 in 2006, respectively. The Village's contribution rate for pension benefits for 2007 was 13.85 percent and 13.7 percent for 2006, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Cemetery's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$2,308, \$1,929, and \$2,405 respectively. The full amount has been contributed for 2007, 2006 and 2005.

**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006
(Continued)**

Note 6- Post Employment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care from January 1 through June 30, 2007 and 6.00 percent from July 1 through December 31, 2007. The 2006 local government

employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979 as of December 31, 2007. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$15,111. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$6,285. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 7 – Debt

The Cemetery's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2007	Due Within One Year
2004 Home Loan (Bank Note)	4%	\$ 67,799	\$0	\$4,581	\$ 63,218	\$ 1,447

**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006
(Continued)**

Note 7 – Debt (continued)

The Home Loan relates to the purchase of a new modular home in 2004 for the Sexton's residence. The note 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 revenues received by the Cemetery and is secured by the modular home.

The following is a summary of the Cemetery's future annual debt service requirements:

Year	Home Loan	
	Principal	Interest
2008	\$1,447	\$3,202
2009	61,771	616
Totals	<u>\$63,218</u>	<u>\$3,132</u>

NEW HOLLAND CEMETERY, PICKAWAY COUNTY
Schedule of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

Budgeted Amounts

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$0	\$40,000	\$65,278	\$25,278
Charges for Services	0	10,300	10,310	10
Earnings on Investments	0	396	512	116
Miscellaneous	0	4,000	7,900	3,900
<i>Total receipts</i>	<u>0</u>	<u>54,696</u>	<u>84,000</u>	<u>29,304</u>
Disbursements				
Current:				
Health	43,673	45,373	39,929	5,381
Capital Outlay	6,790	9,090	6,266	2,824
Debt Service:				
Principal Retirement	2,649	1,932	1,932	0
Interest and Fiscal Charges	2,000	2,717	2,717	0
<i>Total Disbursements</i>	<u>55,113</u>	<u>59,113</u>	<u>50,844</u>	<u>8,205</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(55,113)</u>	<u>(4,417)</u>	<u>33,155</u>	<u>37,508</u>
<i>Net Change in Fund Balance</i>	(55,113)	(4,417)	33,155	37,572
<i>Unencumbered Cash Balance Beginning of Year</i>	14,987	14,987	14,987	0
Prior Year Encumbrances Appropriated	<u>234</u>	<u>234</u>	<u>234</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>(\$39,892)</u>	<u>\$10,804</u>	<u>\$48,376</u>	<u>\$37,572</u>

NEW HOLLAND CEMETERY, PICKAWAY COUNTY

Schedule of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$28,532	\$16,000	\$0	(\$4,770)
Charges for Services	10,060	10,060	11,635	1,575
Intergovernmental	12,000	12,000	23,230	0
Earnings on Investments	150	150	115	(35)
Miscellaneous	4,000	4,000	8,000	4,000
<i>Total receipts</i>	<u>54,742</u>	<u>42,210</u>	<u>42,980</u>	<u>770</u>
Disbursements				
Current:				
Health	41,249	41,249	36,446	4,803
Capital Outlay	3,690	3,690	113	3,577
Debt Service:				
Principal Retirement	2,649	2,649	2,649	0
Interest and Fiscal Charges	2,000	2,000	2,000	0
<i>Total Disbursements</i>	<u>49,588</u>	<u>49,588</u>	<u>41,208</u>	<u>8,380</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,154</u>	<u>(7,378)</u>	<u>1,772</u>	<u>(7,610)</u>
Other Financing Sources				
Sale of Fixed Assets	0	0	113	113
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>113</u>	<u>113</u>
<i>Net Change in Fund Balance</i>	5,154	(7,378)	1,885	(7,497)
<i>Fund Balance Beginning of Year</i>	12,532	12,532	12,532	0
Prior Year Encumbrances Appropriated	570	570	570	0
<i>Fund Balance End of Year</i>	<u>\$18,256</u>	<u>\$5,724</u>	<u>\$14,987</u>	<u>(\$7,497)</u>



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*

New Holland Union Cemetery
Pickaway County
P.O. Box 75
New Holland, Ohio 43145

To the Board of Trustees:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the New Holland Union Cemetery, Pickaway County, Ohio (the Cemetery) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Cemetery's basic financial statements and have issued our report thereon dated September 10, 2008, wherein we noted the Cemetery uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted 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. 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 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Cemetery's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Cemetery's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Cemetery's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Cemetery's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Cemetery's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Cemetery's management in a separate letter dated September 10, 2008.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We did note certain noncompliance or other matters that we reported to the Cemetery's management in a separate letter dated September 10, 2008

The Cemetery's response to the Finding identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Cemetery's response and accordingly, we express no opinion on it.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 10, 2008

**NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Reporting Gross Wages on Form W-2

26 CFR 1.6041-2 provides that all wages, as defined in 26 U.S.C. Section 3401, are to be reported on form W-2.

The Cemetery Sexton was provided a \$625 quarterly reimbursement for personal utilities. The Sexton does not submit any support for the utility cost. Although the Sexton received a W-2 Form for his annual salary for both 2007 and 2006, the W-2 form did not include the taxable fringe benefits that he received.

We recommend the Cemetery include all wages and taxable fringe benefits on the W-2 forms.

Officials' Response:

The Cemetery has acted on the findings from an audit performed for the years of 1996-1997, completed in 1998. This was for the same item of the utility allowance not being taxed. A Resolution was passed requiring the Sexton of the Cemetery to live on the property. Also a copy of the tax law stating that if a person was required to live where they worked that the benefit would be tax free. This was accepted at that time. Thus the amount paid for utilities has been tax free to the Sexton. The Trustees have acted in good faith, in their knowledge on this item.

Auditor of State Analysis:

Revenue Ruling 68-579 provides that the value of utilities that employees purchase directly from a utility company do not qualify for the exclusion provided by section 119 of the Internal Revenue Code. Accordingly, employees who purchase utilities directly from suppliers are not entitled to exclude the value of the utilities from their gross income. Since utilities that the Cemetery Sexton purchased from utility companies were not furnished by the Cemetery, we believe their value does not qualify for the exclusion provided for in Section 119 of the Internal Revenue Code.

NEW HOLLAND UNION CEMETERY
PICKAWAY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2005-001	Cemetery did not have a written contract with Cemetery Sexton.	Yes	Fully Corrected



Mary Taylor, CPA
Auditor of State

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 13, 2008**