



**Auditor of State  
Betty Montgomery**



**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

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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 statements of the governmental activities, the major fund, and the aggregate remaining fund information of New Holland Union Cemetery, Pickaway County, Ohio (the Cemetery), as of and for the year ended December 31, 2005, 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 New Holland Union Cemetery, Pickaway County, Ohio, as of December 31, 2005, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

For the year ended December 31, 2005, the Cemetery revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 12, 2006

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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This discussion and analysis of New Holland Union Cemetery, Pickaway County, Ohio (The Cemetery) financial performance provides an overall review of the Cemetery's financial activities for the year ended December 31, 2005, within the limitations of the Cemetery's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Cemetery's financial performance.

**Highlights**

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$6,441, or 97 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the greatest portion of increased receipts in 2005.

The Cemetery's general receipts are primarily from other governments. These receipts represent respectively \$31,000 and 65 percent of the total cash received for governmental activities during the year. Intergovernmental receipts for 2005 changed very little compared to 2004 as activity within the Cemetery has shown little change.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Cemetery's modified cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Cemetery as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Cemetery as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Cemetery has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Cemetery's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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**Reporting the Cemetery as a Whole**

The statement of net assets and the statement of activities reflect how the Cemetery did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Cemetery at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Cemetery's general receipts.

These statements report the Cemetery's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Cemetery's financial health. Over time, increases or decreases in the Cemetery's cash position is one indicator of whether the Cemetery's financial health is improving or deteriorating. When evaluating the Cemetery's financial condition, you should also consider other non-financial factors as well such as the condition of the Cemetery's capital assets, the extent of the Cemetery's debt obligations, and the need for continued growth in the major local revenue sources such as intergovernmental revenue.

In the statement of net assets and the statement of activities, the Cemetery has one activity:

Governmental activities: Most of the Cemetery's basic services are reported here. Intergovernmental revenues finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Cemetery's Most Significant Funds**

Fund financial statements provide detailed information about the Cemetery's major funds – not the Cemetery as a whole. The Cemetery establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The cemetery has the following Fund Types:

Governmental Fund - All of the Cemetery's activities, except the fiduciary activity, are reported in the general fund. The fund financial statements provide a detailed view of the Cemetery's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Cemetery's programs. The Cemetery's general fund is presented on the financial statements in separate columns.



**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**The Cemetery as a Whole**

Table 1 provides a summary of the Cemetery's net assets for 2005 compared to 2004 on a modified cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2005	2004
<b>Assets</b>		
Cash and Cash Equivalents	\$13,102	\$6,661
Total Assets	13,102	6,661
 <b>Net Assets</b>		
Unrestricted	13,102	6,661
Total Net Assets	\$13,102	\$6,661

As mentioned previously, net assets of governmental activities increased \$6,441, or 65 percent during 2005. The primary reasons contributing to the increase in cash balance is as follows:

- In 2004, the Cemetery made two Capital Outlay purchases for a new modular home and a new pole barn. In 2005 there were no Capital Outlay expenditures allowing the cash balance to increase during the year.

Table 2 reflects the changes in net assets in 2005. Since the Cemetery did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2005
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$16,600
Total Program Receipts	<u>16,600</u>
General Receipts:	
Grants and Entitlements Not Restricted to Specific Programs	31,000
Interest	115
Total General Receipts	<u>31,115</u>
Total Receipts	<u>47,715</u>
Disbursements:	
Health Services	36,625
Principal and Interest Retirement	4,649
Total Disbursements	<u>41,274</u>
Increase in Net Assets	6,441
Net Assets, January 1, 2005	6,661
Net Assets, December 31, 2005	<u><u>\$13,102</u></u>

Program receipts represent only 35 percent of total receipts and are primarily comprised of internment fees for deceased individuals.

General receipts represent 65 percent of the Cemetery's total receipts, and of this amount, over 99.6 percent is from Intergovernmental receipts.. Interest receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for health services represent the costs of running the Cemetery. These include the costs of maintaining cemetery grounds, upkeep of cemetery monuments and grave stones, and salary for the Cemetery Sexton who is responsible for the oversight the day to day Cemetery operations.

The principle and interest payment is for the modular home loan.

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Cemetery. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for health services, which account for \$36,625 and 89 percent of all governmental disbursements. The next column of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local governments. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost Of Services 2005	Net Cost of Services 2005
Health	36,625	20,025
Principal Retirement	4,649	4,649
Total Expenses	<u>\$41,274</u>	<u>\$24,674</u>

The dependence upon Intergovernmental receipts is apparent as over 75 percent of governmental activities are supported through these general receipts.

**The Cemetery's Fund**

The general fund had receipts of \$47,715 and disbursements of \$41,274. The fund balance of the General Fund increased \$6,441 as the result of a reduction in expenditures over 2004.

**Capital Assets and Debt Administration**

**Capital Assets**

The Cemetery does not currently keep track of its capital assets and infrastructure, but does record payments for capital assets as disbursements.

**Debt**

At December 31, 2005, the Cemetery's outstanding debt included \$67,798 in home loans issued for the purchase of a modular home. For further information regarding the Cemetery's debt, refer to Note 10 to the basic financial statements.

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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**Current Issues**

The challenge for all Cemeteries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local intergovernmental receipts.

**Contacting the Cemetery's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Cemetery's finances and to reflect the Cemetery's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Deeanna Hecoax, Clerk-Treasurer, New Holland Union Cemetery, PO Box 75, New Holland, Ohio 43145.

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2005**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$13,102</u>
<i>Total Assets</i>	<u><u>\$13,102</u></u>
<b>Net Assets</b>	
Unrestricted	<u>13,102</u>
<i>Total Net Assets</i>	<u><u>\$13,102</u></u>

See accompanying notes to the basic financial statements

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Cash Disbursements	Program Cash Receipts  Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets  Governmental Activities
<b>Governmental Activities</b>			
Health	\$36,625	\$16,600	(\$20,025)
Debt Service:			
Principal and Interest Retirement	4,649	0	(4,649)
<i>Total Governmental Activities</i>	<u>\$41,274</u>	<u>\$16,600</u>	<u>(24,674)</u>
		<b>General Receipts</b>	
		Grants and Entitlements not Restricted to Specific Programs	31,000
		Interest	115
		<i>Total General Receipts</i>	<u>31,115</u>
		Change in Net Assets	6,441
		<i>Net Assets Beginning of Year</i>	<u>6,661</u>
		<i>Net Assets End of Year</i>	<u>\$13,102</u>

See accompanying notes to the basic financial statements

NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY

STATEMENT OF MODIFIED CASH BASIS ASSETS AND  
FUND BALANCES - GENERAL FUND  
DECEMBER 31, 2005

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	<u>General</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$13,102</u>
<i>Total Assets</i>	<u><u>\$13,102</u></u>
<b>Fund Balance</b>	
Unreserved:	<u>13,102</u>
<i>Total Fund Balances</i>	<u><u>\$13,102</u></u>

See accompanying notes to the basic financial statements

NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED-CASH BASIS  
FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

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	<u>General</u>
<b>Receipts</b>	
Intergovernmental	\$31,000
Charges for Services	12,250
Earnings on Investments	115
Sale of Lots	4,350
	<hr/>
<i>Total Receipts</i>	47,715
	<hr/>
<b>Disbursements</b>	
Current:	
Health	36,625
Debt Service:	
Principal and Interest Retirement	4,649
	<hr/>
<i>Total Disbursements</i>	41,274
	<hr/>
<i>Excess of Receipts Over Disbursements</i>	6,441
	<hr/>
<i>Net Change in Fund Balances</i>	6,441
	<hr/>
<i>Fund Balances Beginning of Year</i>	6,661
	<hr/>
<i>Fund Balances End of Year</i>	<u>\$13,102</u>

See accompanying notes to the basic financial statements



NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUND  
DECEMBER 31, 2005

	Private Purpose Trust
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$6,149
Investments	19,700
<i>Total Assets</i>	<u>\$25,849</u>
<b>Net Assets</b>	
Unrestricted	<u>\$25,849</u>

See accompanying notes to the basic financial statements

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
MODIFIED CASH BASIS - FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Private Purpose Trust
<b>Additions</b>	
Interest	\$490
<i>Total Additions</i>	<u>490</u>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	254
<i>Total Deductions</i>	<u>254</u>
Change in Net Assets	236
Net Assets - Beginning of Year	<u>25,613</u>
Net Assets - End of Year	<u><u>\$25,849</u></u>

See accompanying notes to the basic financial statements

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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**Note 1 – Description of the Cemetery and Reporting 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.

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 financial support to, the organization; or the Cemetery is obligated for the debt of the organization. The Cemetery is also financially accountable for any organizations for which the Cemetery approves the budget, the issuance of debt or the levying of 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 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, the financial statements of the Cemetery have been prepared 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.

**A. Basis of Presentation**

The Cemetery's basic financial statements consist of government-wide 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. Governmental activities generally are financed through intergovernmental receipts.

The statement of net assets presents the cash balance 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

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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. 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 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 in order 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Cemetery uses funds 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. The Cemetery's funds are all classified as governmental and fiduciary.

Governmental Fund

The governmental fund is financed primarily from intergovernmental receipts. Monies are assigned to the governmental fund according to the purposes for which they may or must be used. The following is the Cemetery's major governmental fund:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Cemetery for any purpose provided it is expended or transferred according to the general laws of Ohio.

Fiduciary Fund

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Cemetery's own programs. The Cemetery's private purpose trust fund accounts for a cemetery bequest fund.

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.

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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 expenses and liabilities) are not recorded in these financial statements.

**D. Cash and Cash Equivalents**

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 2005, investments were limited to nonnegotiable certificates of deposit. These nonnegotiable certificates of deposits are recorded at cost.

Interest receipts credited to the General and Private Purpose Trust Fund during 2005 were \$115 and \$490.

**E. 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.

**F. Employer Contributions to Cost-Sharing Pension Plans**

The Cemetery recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**G. Long-Term Obligations**

The Cemetery's modified cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception.

**H. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Cemetery has no restricted net assets for 2005.

**I. Fund Balance Reserves**

The Cemetery reserves any portion of fund balances which is not available or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available in future periods.

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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**Note 3 – Change in Basis of Accounting and Restatement of Fund Equity**

Last year the Cemetery reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Cemetery has implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column, rather than a column for each fund type.

**Note 4 - 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 Board has 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;
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;

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**Note 4 - Deposits and Investments (continued)**

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 for deposits 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 of \$19,251 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.

B. Investments

As of December 31, 2005, the Cemetery had the following investments and maturities:

	Fair Value	Less Than Two Years
Certificate of Deposit	19,700	19,700
Total Investments	\$19,700	\$19,700

The Certificate of Deposit is a nonnegotiable certificate of deposit which was matched to a specific fund for the maintenance of a grave.

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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**Note 5 - 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**

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. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 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.

**Property Coverage**

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

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

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

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

Members may withdraw on each anniversary of the date they joined PEP. They must 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.



**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**Note 5 - Risk Management (Continued)**

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, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	(15,994,168)	(13,880,038)
Retained earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	(1,068,245)	(540,073)
Retained earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The Cemetery's share of these unpaid claims is approximately \$501 for 2005.

**Note 6 - 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 year ended December 31, 2005, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Cemetery's contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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**Note 6 - Defined Benefit Pension Plan (Continued)**

The Cemetery's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$2,308, \$2,247, and \$2,410 respectively; the full amount has been contributed for 2005, 2004, and 2003.

**Note 7 - Postemployment 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 Postemployment 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 2004 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 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, 2003, include a rate of return on investments of 8.00 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 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1.00 and 6.00 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 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$147,863. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 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.

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**Note 8 - Notes Payable**

A summary of the note transaction for the year ended December 31, 2005, follows:

	Interes t Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
<u>Governmental Activities</u>					
<u>Modular Home Loan</u>					
2004 Issue	4%	\$69,652	\$0	\$(1,854)	\$67,798

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.

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

Year Ending December 31:	Home Loan
2006	\$4,649
2007	4,649
2008	4,649
2009	62,393
Total	\$76,340

**Note 9 – Public Entity Risk Pool**

The Cemetery belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. Note 7 provides additional information for this entity

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## 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 the governmental activities, the major fund, and the aggregate remaining fund information of New Holland Union Cemetery, Pickaway County, Ohio (the Cemetery) as of and for the year ended December 31, 2005, which collectively comprise the Cemetery's basic financial statements and have issued our report thereon dated September 12, 2006 wherein we noted the Cemetery revised its financial presentation comparable to the requirements of Governmental Accounting Standard No 34, *Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments*. We also 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 opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Cemetery's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215  
Telephone: (614) 466-3402      (800) 443-9275      Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **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*. 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 12, 2006

**NEW HOLLAND UNION CEMETERY  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005**

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

**FINDING NUMBER 2005-001**

**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, 2005.

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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800-282-0370

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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**