



Mary Taylor, CPA  
Auditor of State



EVERGREEN UNION CEMETERY  
PIKE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Change in Cash Balance - For the Year Ended December 31, 2006 .....	5
Statement of Cash Receipts, Cash Disbursements, and Change in Cash Balance - For the Year Ended December 31, 2005 .....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	11

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

Evergreen Union Cemetery  
Pike County  
133 Columbia Drive  
Waverly, Ohio 45690

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Mary Taylor, CPA**  
Auditor of State

June 26, 2007

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Evergreen Union Cemetery  
Pike County  
133 Columbia Drive  
Waverly, Ohio 45690

To the Board of Trustees:

We have audited the accompanying financial statements of Evergreen Union Cemetery, Pike County, Ohio, (the Cemetery), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Cemetery has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Cemetery to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2006 and 2005. While the Cemetery does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Cemetery has elected not to reformat its statements. Since this Cemetery does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Cemetery as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Evergreen Union Cemetery, Pike County, as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

The aforementioned revision to generally accepted accounting principles also requires the Cemetery to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Cemetery has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2007, 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.

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

**Mary Taylor, CPA**  
Auditor of State

June 26, 2007

EVERGREEN UNION CEMETERY  
PIKE COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2006

<b>Cash Receipts:</b>	
Intergovernmental	\$116,009
Charges for Services	23,550
Sale of Lots	11,900
Interest	2,623
Miscellaneous	<u>48</u>
Total Cash Receipts	<u>154,130</u>
<b>Cash Disbursements:</b>	
Salaries	68,572
Supplies	8,946
Utilities	1,558
Equipment	7,450
Contract-Services	18,613
Public Employees' Retirement	13,685
Taxes	318
Miscellaneous	<u>932</u>
Total Cash Disbursements	<u>120,074</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>34,056</u>
Cash Balance, January 1	<u>148,724</u>
<b>Cash Balance, December 31</b>	<b><u><u>\$182,780</u></u></b>

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

**EVERGREEN UNION CEMETERY  
PIKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Cash Receipts:</b>	
Intergovernmental	\$144,499
Charges for Services	29,600
Sale of Lots	16,700
Interest	1,442
Miscellaneous	95
	<hr/>
Total Cash Receipts	192,336
	<hr/>
<b>Cash Disbursements:</b>	
Salaries	77,902
Supplies	10,587
Utilities	1,634
Equipment	25,925
Contract - Services	22,601
Public Employees' Retirement	7,827
Taxes	325
Miscellaneous	947
	<hr/>
Total Cash Disbursements	147,748
	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	44,588
	<hr/>
Cash Balance, January 1	104,136
	<hr/>
<b>Cash Balance, December 31</b>	<b><u><u>\$148,724</u></u></b>

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

**EVERGREEN UNION CEMETERY  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges for the Evergreen Union Cemetery, Pike County (the Cemetery), as a body corporate and politic. Pee Pee Township and the City of Waverly appoint a three-member Board of Trustees to direct cemetery operations. Pee Pee Township provides funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The accompanying financial statements present this funding as Intergovernmental Receipts. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash**

The Cemetery has a checking account, savings account, and two certificates of deposit which are valued at cost.

**D. Property, Plant, and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. The financial statements do not report unpaid vacation and sick leave as liabilities.

**EVERGREEN UNION CEMETERY  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**2. CASH**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$72,780	\$98,724
Certificates of deposit	110,000	50,000
Total deposits	<u>\$182,780</u>	<u>\$148,724</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation except at December 31, 2006, \$82,780 of deposits were not insured or collateralized, contrary to Ohio law, and at December 31, 2005, \$48,724 of deposits were not insured or collateralized, contrary to Ohio law.

**3. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. In 2005, the Cemetery's OPERS members contributed 8.5 percent of their gross salaries and in 2006 they contributed 9 percent of their gross salaries. In 2005 the Cemetery contributed an amount equal to 13.55 percent of participants' gross salaries and in 2006 the Cemetery contributed an amount equal to 13.70 percent of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2006.

**4. RISK MANAGEMENT**

**Commercial Insurance**

The Cemetery has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



# 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*

Evergreen Union Cemetery  
Pike County  
133 Columbia Drive  
Waverly, Ohio 45690

To the Board of Trustees:

We have audited the financial statements of the Evergreen Union Cemetery, Pike County, Ohio (the Cemetery), as of and for the year ended December 31, 2006 and 2005, and have issued our report thereon dated June 26, 2007, wherein we noted the Cemetery prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion 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 certain matters that we reported to the Cemetery's management in a separate letter dated June 26, 2007.

### **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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2006-001 and 2006-002.

We also noted certain noncompliance or other matters that we reported to the Cemetery's management in a separate letter dated June 26, 2007.

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

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

**Mary Taylor, CPA**  
Auditor of State

June 26, 2007

**EVERGREEN UNION CEMETERY  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-001**

**Finding for Recovery – Repaid Under Audit**

The Board of Cemetery Trustees adopted leave policies effective January 1, 2005. These policies contain the method of accumulation and allowed usage for vacation and sick leave. These policies also contain the method for conversion of accumulated sick and vacation leave upon separation.

Section 6, entitled "Vacation, Sick Leave, Longevity, and Fringe Benefit Policy" states that a maximum of 35 days [280 hours] of vacation will be payable at retirement at the monthly rate in effect at the time of the retirement, and a full-time employee will be permitted to carry over ten vacation days each year. The "Sick Leave Conversion" policy states that at the time of retirement, a full-time employee will be paid 25% of their sick leave balance not to exceed 300 hours. Full-time employees receive fifteen regularly scheduled work days per year for illness, and can accumulate at 120 hours per year with a cap of 1200 hours.

On February 1, 2005, the Cemetery paid the Cemetery Sexton, Rodger De Witt, \$11,005.50 for 1210 hours of accumulated sick leave at one-fourth the value of his earned but unused sick leave credit (310 hours) in addition to 328 hours of accumulated vacation leave. There is no authority in the Cemetery's policies to pay this employee for sick and vacation leave in this manner. Rodger's sick leave balance was 1200 hours and his vacation leave balance was 280 hours at the time of his retirement. His rate of pay at the time of his retirement was \$17.25/hour. Since the policy allows for payment of one-fourth of an employee's sick leave balance (300 hours x \$17.25 = \$5,175) and a maximum of 35 days or 280 hours vacation (280 hours x \$17.25 = \$4,830) totaling \$10,005, we consider \$1,000.55 of the \$11,005.55 total amount paid to Mr. De Witt to be illegally expended.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Rodger DeWitt, Tammie Brown, Cemetery Clerk, and the Cincinnati Insurance Company, their bonding company, jointly and severally, in the amount of one thousand dollars and fifty-five cents (\$1,000.55), in favor of the General Fund of Evergreen Union Cemetery. This finding was repaid by Rodger De Witt on April 30, 2007.

EVERGREEN UNION CEMETERY  
PIKE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-002

**Noncompliance Citation**

Ohio Rev. Code § 135.18 (A) requires the Treasurer of a subdivision, before making the initial deposit in a public depository, to require the institution designated as a public depository to pledge to and deposit with the Treasurer, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above the portion or amount of such moneys as is at that time insured by the federal deposit insurance corporation or by any other agency on instrumentality of the federal government. ORC § 135.18 (B) provides that such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

ORC § 135.181 (B) states that in lieu of the pledging requirements, prescribed in sections 135.18 and 135.37 of the Revised Code, an institution designated as a public depository at its option may pledge a single pool of eligible securities to secure the repayment of all public moneys deposited in the institution and not otherwise secured pursuant to law, provided that at all times the total market value of the securities so pledged is at least equal to one hundred five percent of the total amount of all public deposits to be secured by pool securities that are not covered by any federal deposit insurance. Each institution shall carry in its accounting records at all times a general ledger or other appropriate account of the total amount of all public deposits to be secured by the pool, as determined at the opening of business each day, and the total market value of securities pledged to secure such deposits.

ORC § 135.181 (L) states that upon request of a treasurer no more often than 4 times per year, a *public depository* is required to report the amount of public monies deposited by the treasurer and secured and the total value based on the valuations described above, of the pool of securities pledged to secure public monies held by the depository, including those deposited by the treasurer. Upon request of a treasurer no more often than 4 times per year, a *qualified trustee* is required to report the total market value of the pool of securities deposited with it by the depository and provide an itemized list of the securities in the pool. These reports are made as of the date the treasurer specifies.

The bank statements for the audit period were reviewed and several times through out the audit period it was noted that the balance noted as being on deposit was over \$100,000. The balances on deposit exceeding the Federal Deposit Insurance Corporation amount of \$100,000 was \$82,780 as of December 31, 2006, and the balances on deposit exceeding the Federal Deposit Insurance Corporation amount of \$100,000 was \$48,724 as of December 31, 2005. No records were presented to determine if the Cemetery had adequate pledged collateral. This could result in a loss of Cemetery deposits.

We recommend the Bank obtain adequate pledged collateral for Cemetery deposits.

**Official' Response:** The officials did not respond to the above items.



**Mary Taylor, CPA**  
Auditor of State

**EVERGREEN UNION CEMETERY**

**PIKE COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 2, 2007**