



**Auditor of State  
Betty Montgomery**



**GROVE CEMETERY ASSOCIATION  
HARDIN COUNTY**

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**Auditor of State  
Betty Montgomery**

Grove Cemetery Association  
Hardin County  
P O Box 153  
Kenton, Ohio 43326

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

May 24, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Grove Cemetery Association  
Hardin County  
P O Box 153  
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of Grove Cemetery Association (the "Cemetery") as of and for the years ended December 31, 2004 and 2003. 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 that our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Cemetery to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. 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 for the year ended December 31, 2004 to above 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, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Cemetery, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Government to include Management's Discussion and Analysis for the year ended December 31, 2004. The Government 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 May 24, 2005, on our consideration of the Cemetery's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

May 24, 2005



**GROVE CEMETERY ASSOCIATION  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>Cash Receipts:</b>	
Intergovernmental	\$162,302
Lots Sold	13,500
Permits	50,175
St. Marys Maintenance	750
Foundations	12,847
Miscellaneous Income	1,375
	<hr/>
Total Cash Receipts	240,949
 <b>Cash Disbursements:</b>	
Payroll	140,175
General Expense	14,412
P.E.R.S. Employer Share	18,607
Maintenance and Repair	14,451
Supplies and Materials	15,421
Insurance	34,986
Property Tax	156
Auditor and Treasurer Fees	67
Equipment	426
Capital Improvement	2,628
Workers Compensation	3,396
Medicare Employer Share	627
	<hr/>
Total Cash Disbursements	245,352
	<hr/>
Total Receipts (Under) Disbursements	(4,403)
	<hr/>
Fund Cash Balance, January 1	53,122
	<hr/>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$48,719</u></u></b>

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

**GROVE CEMETERY ASSOCIATION  
HARDIN COUNTY**

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

<b>Operating Cash Receipts:</b>	
Endowment Interest	\$807
<b>Operating Cash Disbursements:</b>	
Endowment Service	<u>2,535</u>
Net (Loss)	(1,728)
<b>Fund Cash Balances, January 1</b>	<u>153,251</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$151,523</u></u>

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

**GROVE CEMETERY ASSOCIATION  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**Cash Receipts:**

Intergovernmental	\$165,561
Lots Sold	9,675
Permits	44,500
St. Marys Maintenance	750
Foundations	10,357
Gas Tax Refund	994
Miscellaneous Income	<u>5,002</u>

Total Cash Receipts 236,839

**Cash Disbursements:**

Payroll	137,532
General Expense	15,110
P.E.R.S. Employer Share	18,504
Maintenance and Repair	32,022
Supplies and Materials	14,445
Insurance	33,088
Property Tax	109
Auditor and Treasurer Fees	3,414
Equipment	11,028
Capital Improvement	3,523
Workers Compensation	4,835
Audit Expense	2,671
Medicare Employer Share	<u>817</u>

Total Cash Disbursements 277,098

Total Receipts (Under) Disbursements (40,259)

Fund Cash Balance, January 1 93,381

**Fund Cash Balance, December 31** **\$53,122**

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

**GROVE CEMETERY ASSOCIATION  
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS AND  
CHANGES IN FUND CASH BALANCES - NON-EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>Operating Cash Receipts:</b>	
Endowment Interest	\$1,235
Endowment Donations	<u>11,000</u>
Total Operating Cash Receipts	12,235
<b>Operating Cash Disbursements:</b>	
Endowment Service	<u>2,523</u>
Net Income	9,712
<b>Fund Cash Balances, January 1</b>	<u>143,539</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$153,251</u></u>

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

**GROVE CEMETERY ASSOCIATION  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**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 Grove Cemetery Association, Hardin County (the "Cemetery") as a body corporate and politic. The City of Kenton, Pleasant Township, Goshen Township, and Buck Township appoint a four member Board of Trustees to direct cemetery operations. These entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. This accompanying financial statement presents 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

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

Passbook Savings accounts are valued at cost.

**D. Fund Accounting**

The Cemetery uses fund accounting to segregate cash and investments that are restricted as to use. The Cemetery classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Cemetery had the following significant Fiduciary Funds:

**Endowment Funds** - These funds receive interest from the principal left by donors. The interest is used to maintain grave sites.

**F. Property, Plant and Equipment**

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

**GROVE CEMETERY ASSOCIATION  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

The Cemetery maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$50,600	\$56,742
Savings Account	149,642	149,631
Total deposits	<u>\$200,242</u>	<u>\$206,373</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS employee members contributed 8.5 percent of their gross salaries. The Cemetery contributes an amount equal to 13.55 percent of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2004.

**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.



**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***

Grove Cemetery Association  
Hardin County  
P O Box 153  
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the financial statements of Grove Cemetery Association, Hardin County (the "Cemetery") as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 24, 2005, wherein we noted that the Cemetery followed accounting practices the Auditor of State prescribes other 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 in order to express our opinion 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 2004-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Cemetery's management dated May 24, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

### **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*.

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



**Betty Montgomery**  
Auditor of State

May 24, 2005



**GROVE CEMETERY ASSOCIATION  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

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

**FINDING NUMBER 2004-001**

**Completeness of Annual Financial Statements**

The annual financial statements of an entity should reflect all balances and financial activity for the reporting period. The Cemetery's 2003 annual financial statements did not include the \$138,631 principal of the Nonexpendable Trust Fund in the beginning fund balance. In addition, contributions received in 2003, in the amount of \$11,000, were not reported on the financial statements. As a result, the 2003 ending balance and the 2004 beginning balance of the Nonexpendable Trust Fund were understated by \$149,631. The financial statements in this report have been adjusted to reflect the principal of the Nonexpendable Trust Funds.

Prior to filing with the Auditor of State or making the financial statements available for public review, the Cemetery's financial statements should be reviewed for completeness. The financial statements should clearly distinguish between the financial activity and fund balances of the Cemetery's two funds.

**GROVE CEMETERY ASSOCIATION  
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><u>Explain:</u></b>
2002-20233-001	Ohio Rev. Code Section 117.38 – the Cemetery did not file its annual financial statements with the Auditor of State. The annual financial statements were not complete.	No	Partially corrected. Completeness of annual financial statements repeated as finding 2004-001



**Auditor of State  
Betty Montgomery**

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**GROVE CEMETERY ASSOCIATION**

**HARDIN 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  
JUNE 23, 2005**