



**Auditor of State
Betty Montgomery**

HUBBARD UNION CEMETERY
TRUMBULL COUNTY

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**Auditor of State
Betty Montgomery**

Hubbard Union Cemetery
Trumbull County
210 Oakdale
Hubbard, Ohio 44425

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 black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 3, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Hubbard Union Cemetery
Trumbull County
210 Oakdale
Hubbard, Ohio 44425

To the Board of Trustees:

We have audited the accompanying financial statements of Hubbard Union Cemetery, Trumbull County, (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 our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Cemetery to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Cemetery does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the 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 year ended December 31, 2004 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 their 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 Hubbard Union Cemetery, Trumbull County, 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 Cemetery to include Management's Discussion and Analysis for the year ended December 31, 2004. The Cemetery has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 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

June 3, 2005

**HUBBARD UNION CEMETERY
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Taxes	\$38,680			\$38,680
Sale of Lots	42,300			42,300
Interments	45,450			45,450
Foundations	15,589			15,589
Interest	123		\$298	421
Miscellaneous	25,100			25,100
FEMA		\$32,973		32,973
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	167,242	32,973	298	200,513
Cash Disbursements:				
Current:				
Salaries & Benefits	116,165			116,165
Supplies	4,947		1,785	6,732
Utilities	3,073			3,073
Equipment	3,168			3,168
County Auditor Deductions	58			58
Workmans' Compensation	2,062			2,062
Miscellaneous	32,393			32,393
Capital Outlay		36,689		36,689
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	161,866	36,689	1,785	200,340
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	5,376	(3,716)	(1,487)	173
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,376	(3,716)	(1,487)	173
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	39,135	7,906	17,968	65,009
Fund Cash Balances, December 31	<hr/> \$44,511	<hr/> \$4,190	<hr/> \$16,481	<hr/> \$65,182

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

**HUBBARD UNION CEMETERY
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Taxes	\$38,594			\$38,594
Sale of Lots	28,200			28,200
Interments	43,125			43,125
Foundations	11,964			11,964
Interest	168		\$160	328
Miscellaneous	15,436		2,025	17,461
FEMA		\$19,026		19,026
	<u>137,487</u>	<u>19,026</u>	<u>2,185</u>	<u>158,698</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries & Benefits	106,415			106,415
Supplies	4,969		121	5,090
Utilities	4,397			4,397
Equipment	925			925
County Auditor Deductions	563			563
Workers' Compensation	1,235			1,235
State Auditor Fees	3,336			3,336
Miscellaneous	5,708		15	5,723
Capital Outlay		11,120		11,120
	<u>127,548</u>	<u>11,120</u>	<u>136</u>	<u>138,804</u>
Total Disbursements				
Total Receipts Over/(Under) Disbursements	<u>9,939</u>	<u>7,906</u>	<u>2,049</u>	<u>19,894</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,939	7,906	2,049	19,894
Fund Cash Balances, January 1	<u>29,196</u>		<u>15,919</u>	<u>45,115</u>
Fund Cash Balances, December 31	<u>\$39,135</u>	<u>\$7,906</u>	<u>\$17,968</u>	<u>\$65,009</u>

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

**HUBBARD UNION CEMETERY
TRUMBULL 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 the Hubbard Union Cemetery, Trumbull County, (the Cemetery) as a body corporate and politic. A joint session of the City of Hubbard and Hubbard appoint a three-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. 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 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.

The Cemetery records certificates of deposit 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 presents all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds present receipts restricted to acquiring or constructing major capital projects (except those financed through trust funds). The Cemetery had the following significant Capital Project Fund:

FEMA (Federal Emergency Management Agency) – The Cemetery received money from FEMA to replace a building damaged by flooding.

**HUBBARD UNION CEMETERY
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

3. Fiduciary Funds (Trust and Agency Funds)

These funds account for resources restricted by legally binding trust agreements and funds for which the Cemetery is acting in an agency capacity. The Cemetery had the following significant Fiduciary Funds:

Hults Memorial Fund and Bivalec Memorial Fund - These funds receive interest from fund investments. Proceeds are used to maintain grave sites.

E. 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.

F. Unpaid Vacation Leave

Full-time employees are entitled to cash payments for unused vacation leave in certain circumstances. Each full-time employee is permitted to cash in up to 80 hours vacation leave if they accrued more than 200 hours and are unable to use the excess hours by the end of the year. The financial statements do not report unpaid vacation leave as liabilities.

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	\$48,701	\$47,041
Bequest Savings	13,981	15,468
Certificates of deposit	2,500	2,500
Total deposits	<u>65,182</u>	<u>65,009</u>

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

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. 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.

**HUBBARD UNION CEMETERY
TRUMBULL COUNTY**

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

4. RISK MANAGEMENT

Commercial Insurance

The Hubbard Union Cemetery has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles

The Hubbard Union Cemetery is uninsured for the following risks:

- Errors and omissions.

The Cemetery also provides health insurance and dental and vision coverage to full-time employees through coverage from the City of Hubbard, which is reimbursed to the City.

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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***

Hubbard Union Cemetery
Trumbull County
210 Oakdale
Hubbard, Ohio 44425

To the Board of Trustees:

We have audited the financial statements of the Hubbard Union Cemetery (the Cemetery) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 3, 2005, wherein we noted the Cemetery followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

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*.

Hubbard Union Cemetery
Trumbull County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, 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

June 3, 2005



**Auditor of State
Betty Montgomery**

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HUBBARD UNION CEMETERY

TRUMBULL 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**