



Dave Yost • Auditor of State

**GROVE CEMETERY ASSOCIATION
HARDIN COUNTY**

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Dave Yost • Auditor of State

Grove Cemetery Association
Hardin County
PO 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 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.

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Dave Yost
Auditor of State

June 20, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Grove Cemetery Association
Hardin County
PO Box 153
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of Grove Cemetery Association, Hardin County, (the Cemetery) as of and for the years ended December 31, 2010 and 2009. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Cemetery's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Cemetery has elected not to follow GAAP statement formatting requirements. 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, 2010 and 2009 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, 2010 and 2009, 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 combined fund cash balances of Grove Cemetery Association, Hardin County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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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 20, 2011, 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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 20, 2011

**GROVE CEMETERY ASSOCIATION
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Fiduciary</u>	
Cash Receipts:			
Intergovernmental	\$203,924		\$203,924
Licenses and Permits	48,950		48,950
Sales of Lots	19,500		19,500
Vault Sales	2,243		2,243
Foundations	12,915		12,915
Earnings on Investments	2,321	\$2,945	5,266
Reimbursements for Youth Payroll	7,596		7,596
Miscellaneous	7,897		7,897
Total Cash Receipts	<u>305,346</u>	<u>2,945</u>	<u>308,291</u>
Cash Disbursements:			
Current Disbursements:			
Salaries	144,466		144,466
Supplies	27,066		27,066
Equipment	6,241		6,241
Contracts - Repair	1,700		1,700
Contracts - Services	44,424		44,424
Maintenance	11,945	3,000	14,945
Public Employees' Retirement	20,545		20,545
Workers' Compensation	3,544		3,544
Miscellaneous	12,838		12,838
Capital Outlay	2,618		2,618
Total Cash Disbursements	<u>275,387</u>	<u>3,000</u>	<u>278,387</u>
Total Receipts Over/(Under) Disbursements	<u>29,959</u>	<u>(55)</u>	<u>29,904</u>
Fund Cash Balances, January 1	<u>173,004</u>	<u>153,783</u>	<u>326,787</u>
Fund Cash Balances, December 31	<u>\$202,963</u>	<u>\$153,728</u>	<u>\$356,691</u>

**GROVE CEMETERY ASSOCIATION
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Fiduciary</u>	
Cash Receipts:			
Intergovernmental	\$184,368		\$184,368
Licenses and Permits	82,450		82,450
Sales of Lots	28,800		28,800
Earnings on Investments	1,621	\$1,220	2,841
Miscellaneous	3,769	100	3,869
Total Cash Receipts	<u>301,008</u>	<u>1,320</u>	<u>302,328</u>
Cash Disbursements:			
Current Disbursements:			
Salaries	141,531		141,531
Supplies	23,063		23,063
Equipment	1,066		1,066
Contracts - Repair	18,977		18,977
Contracts - Services	50,039		50,039
Maintenance		3,500	3,500
Public Employees' Retirement	19,688		19,688
Workers' Compensation	3,339		3,339
Miscellaneous	11,501		11,501
Capital Outlay	804		804
Total Cash Disbursements	<u>270,008</u>	<u>3,500</u>	<u>273,508</u>
Total Receipts Over/(Under) Disbursements	<u>31,000</u>	<u>(2,180)</u>	<u>28,820</u>
Other Financing Receipts:			
Other Sources	<u>39</u>	<u>500</u>	<u>539</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	31,039	(1,680)	29,359
Fund Cash Balances, January 1	<u>141,965</u>	<u>155,463</u>	<u>297,428</u>
Fund Cash Balances, December 31	<u>\$173,004</u>	<u>\$153,783</u>	<u>\$326,787</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, 2010 AND 2009**

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 Grove Cemetery Association, Hardin County, (the Cemetery). 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. 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 accounting basis. The Cemetery 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. Deposits and Investments

The Cemetery's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records 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 reports all financial resources except those required to be accounted for in another fund.

2. Fiduciary Funds (Trust Funds)

These funds account for resources restricted by legally binding trust agreements. The Cemetery had the following Private Purpose Trust:

Endowment Fund – This Fund accounts for the principal from endowments left to maintain grave sites.

**GROVE CEMETERY ASSOCIATION
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant, and Equipment

The Cemetery records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS

The Cemetery maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 77,864	\$ 73,568
Certificates of deposit	278,827	253,219
Total deposits	<u>\$356,691</u>	<u>\$326,787</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the public institutions public entity deposit pool.

3. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Cemetery contributed an amount equaling 14% of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2010.

4. RISK MANAGEMENT

Risk Pool Membership

Through December 31, 2010, the Cemetery belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

**GROVE CEMETERY ASSOCIATION
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. RISK MANAGEMENT (Continued)

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retain 17.5% (15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 725 members as of December 31, 2009. The Cemetery participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 60 members as of December 31, 2009. The Cemetery does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2009 and 2008 (the latest information available), and include amounts for both OPRM and OPHC:

	<u>2009 OPRM</u>	<u>2009 OPHC</u>	<u>Total 2009</u>	<u>Total 2008</u>
Assets	\$11,176,186	\$1,358,802	\$12,534,988	\$10,471,114
Liabilities	(4,852,485)	(1,253,617)	(6,106,102)	(5,286,781)
Members’ Equity	<u>\$ 6,323,701</u>	<u>\$ 105,185</u>	<u>\$ 6,428,886</u>	<u>\$ 5,184,333</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, www.ohioplan.org.

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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
PO 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, 2010 and 2009, and have issued our report thereon dated June 20, 2011 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 as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 described in the accompanying schedule of to be a material weakness.

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 management, Board of Trustees, and others within the Cemetery. We intend it for no one other than these specified parties.

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Dave Yost
Auditor of State

June 20, 2011

**GROVE CEMETERY ASSOCIATION
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-01

Material Weakness

Completeness of Fund Balances

The annual financial statements of the Cemetery should reflect the principal balance of the private purpose trust funds. The Cemetery's annual financial statements did not include the principal balance of the Private Purpose Trust Fund for 2010 and 2009, in the amount of \$150,400 and \$150,500, respectively. The financial statements in this report have been adjusted to correctly reflect these fund balances.

The failure to include the principal balance of the Private Purpose Trust Fund in the financial statements not only materially misstates the financial statements, but may also give the impression that restricted resources have been illegally spent.

Procedures should be implemented by the Cemetery to provide that all balances are reflected in the annual financial statements.

OFFICIAL RESPONSE: We did not receive a response from Officials to this finding.

GROVE CEMETERY ASSOCIATION
HARDIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Completeness and Accuracy of Annual Financial Statements	No	Partially corrected. Repeated as Finding Number 2010-01.



Dave Yost • Auditor of State

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
AUGUST 2, 2011**