

***NORTHFIELD MACEDONIA
UNION CEMETERY***

SUMMIT COUNTY, OHIO

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



**Auditor of State
Betty Montgomery**

Board of Trustees
Northfield Macedonia Union Cemetery
PO Box 670177
Northfield, Ohio 44067

We have reviewed the *Report of Independent Accountants* of the Northfield Macedonia Union Cemetery, Summit County, prepared by Charles E. Harris & Associates, Inc. for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the AOS permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Northfield Macedonia Union Cemetery is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

June 12, 2006

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**NORTHFIELD MACEDONIA UNION CEMETERY
SUMMIT COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2005 & 2004**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Table of Contents	i
Report of Independent Accountants	1 - 2
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Years Ended December 31, 2005 and 2004	3 - 4
Notes to the Financial Statements	5 - 7
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9
Status of Prior Audit's Citations and Recommendations	10

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REPORT OF INDEPENDENT ACCOUNTANTS

**The Board of Trustees
Northfield Macedonia Union Cemetery
Northfield, Ohio**

We have audited the accompanying financial statements of the Northfield Macedonia Union Cemetery (the Cemetery), as of and for the years ended December 31, 2005 & 2004, as listed in the table of contents. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 discussed in Note 1, the Cemetery prepares its financial statements on a basis of accounting prescribed or permitted by the Auditor of State. 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 accounting principles generally accepted in the United States of America, 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 years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 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 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, 2005 and 2004, 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 the Cemetery, as of December 31, 2005 and 2004, and the combined receipts, disbursements, and changes in fund cash balances for the years then ended in conformity with the basis of accounting described in Note 1.

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, 2005 and 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 a report dated June 6, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

***Charles E. Harris & Associates, Inc.*
June 6, 2006**

NORTHFIELD MACEDONIA UNION CEMETERY
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental and Fiduciary Fund Types
For the Year Ended December 31, 2005

	Governmental Fund Type	Fiduciary Fund Type	Total Memorandum Only
	General	Expendable Trust	
Receipts:			
Intergovernmental	\$ 111,736	\$ -	\$ 111,736
Charges for Services	19,890	-	19,890
Sale of Lots	13,200	-	13,200
Earnings on Investments	258	173	431
Miscellaneous Revenue	4,586	-	4,586
Total Receipts	149,670	173	149,843
Disbursements:			
Current:			
Salaries	84,122	-	84,122
Employee Benefits	39,685	-	39,685
Supplies	4,018	-	4,018
Insurance	6,851	-	6,851
Contractual Services	13,592	-	13,592
Utilities	3,113	-	3,113
Miscellaneous	6,531	173	6,704
Capital Outlay	1,476	-	1,476
Total Disbursements	159,388	173	159,561
Total Receipts Over/(Under)			
Disbursements	(9,718)	-	(9,718)
Fund Cash Balance, January 1	107,332	6,000	113,332
Fund Cash Balance, December 31	\$ 97,614	\$ 6,000	\$ 103,614

See accompanying Notes to the Financial Statements.

NORTHFIELD MACEDONIA UNION CEMETERY
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental And Fiduciary Fund Types
For the Year Ended December 31, 2004

	<u>Governmental</u> <u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Type</u>	<u>Total</u>
	<u>General</u>	<u>Expendable</u> <u>Trust</u>	<u>Memorandum</u> <u>Only</u>
Receipts:			
Intergovernmental	\$ 115,621	\$ -	\$ 115,621
Charges for Services	22,669	-	22,669
Sale of Lots	19,500	-	19,500
Earnings on Investments	169	226	395
Miscellaneous Revenue	200	-	200
	<hr/>	<hr/>	<hr/>
Total Receipts	158,159	226	158,385
Disbursements:			
Current:			
Salaries	81,227	-	81,227
Employee Benefits	38,336	-	38,336
Supplies	4,611	-	4,611
Insurance	5,930	-	5,930
Contractual Services	7,852	-	7,852
Utilities	2,970	-	2,970
Miscellaneous	3,991	226	4,217
Capital Outlay	8,056	-	8,056
	<hr/>	<hr/>	<hr/>
Total Disbursements	152,973	226	153,199
Total Receipts Over/(Under)			
Disbursements	5,186	-	5,186
Fund Cash Balance, January 1	<hr/> 102,146	<hr/> 6,000	<hr/> 108,146
Fund Cash Balance, December 31	<hr/> \$ 107,332	<hr/> \$ 6,000	<hr/> \$ 113,332

See accompanying Notes to the Financial Statements.

**NORTHFIELD MACEDONIA UNION CEMETARY
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Northfield Macedonia Union Cemetery, Summit County, (the Cemetery) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Cemetery is directed by an appointed three-member Board of Trustees. The Board is appointed on a rotational basis by the City of Macedonia, the Village of Northfield, Northfield Center Township, and Sagamore Hills Township. 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.

Management believes the financial statements included in this report represent all of the funds of the Cemetery over which the Cemetery has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The financial statements follow the basis of accounting prescribed by the Auditor of State, which is similar to the cash receipts and disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred. The Cemetery is not required to follow budgetary laws. Therefore there is no budgetary presentation.

These statements include adequate disclosure of material matters, as prescribed by the Auditor of State.

C. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are all certificates of deposits valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

D. FUND ACCOUNTING

The Cemetery maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**NORTHFIELD MACEDONIA UNION CEMETARY
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

General Fund: The general operating fund of the Cemetery. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Fiduciary Funds(Trust Funds): Trust funds are used to account for resources restricted by legally binding trust agreements. The Cemetery has the following significant Fiduciary Funds:

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

E. BUDGETARY PROCESS

Union Cemeteries are not required to follow budgetary procedures under the Ohio Revised Code.

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.

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. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting the Cemetery uses.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Cemetery maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2005 and 2004 is \$103,614 and \$113,332, respectively.

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Cemetery; or collateralized by the financial institution's public entity deposit pool.

Investments: The Cemetery had no investments as of December 31, 2005 and 2004.

**NORTHFIELD MACEDONIA UNION CEMETARY
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005**

3. RISK MANAGEMENT

The Cemetery has obtained commercial insurance for the following risks:

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

4. DEFINED BENEFIT PENSION PLAN

The employees of the Cemetery are covered by the Ohio Public Employees Retirement System (OPERS), a cost sharing multiple-employer public employee retirement system administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio, 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary and the Cemetery is required to contribute 13.55 percent. The contribution rates are determined actuarially. The Cemetery's required contributions to OPERS for the years ended December 31, 2005 and 2004 were \$16,717, \$15,789, respectively, which equals the required contributions for those years. The Cemetery has paid all required contributions through December 31, 2005.

5. SUBSEQUENTEVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

The Board of Trustees
Northfield Macedonia Union Cemetery
Northfield, Ohio

We have audited the financial statements of the Northfield Macedonia Union Cemetery, (the Cemetery) as and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 6, 2006, wherein we noted the Cemetery follows the 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 Controls Over Financial Reporting

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cemetery's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
June 6, 2006

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 2003 and 2002, reported no material citations or recommendations.



**Auditor of State
Betty Montgomery**

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**NORTHFIELD MACEDONIA UNION CEMETERY
SUMMIT 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 22, 2006**