

***NORTHFIELD MACEDONIA
UNION CEMETERY***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

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



**Auditor of State
Betty Montgomery**

Board of Trustees
Northfield Macedonia Union Cemetery
P.O.Box 670177
Northfield, Ohio 44067

We have reviewed the Independent Auditor's Report of the Northfield Macedonia Union Cemetery, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2002 to December 31, 2003. 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.

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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 2, 2004

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**NORTHFIELD MACEDONIA UNION CEMETERY
SUMMIT COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2003 & 2002**

TABLE OF CONTENTS

| <u>Title</u> | <u>Page</u> |
|--|--------------------|
| Table of Contents | i |
| Report of Independent Accountants | 1 |
| Combined Statement of Cash, Investments and Fund Cash Balances - All Fund Types, As of December 31, 2003 and 2002 | 2 |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Years Ended December 31, 2003 and 2002 | 3 - 4 |
| Notes to the Financial Statements | 5 - 9 |
| Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 10 |
| Status Of Prior Audit's Citations And Recommendations | 11 |

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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, 2002 & 2003, 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 prescribed basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash, investments and fund cash balances of the Cemetery as of December 31, 2002 & 2003 and the receipts, disbursements, and changes in fund balances for the year then ended in conformity with the basis of accounting stated in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 28, 2004 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 grants. 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.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under Section 117.28, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
July 28, 2004

**NORTHFIELD MACEDONIA UNION CEMETERY
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND
CASH BALANCES - ALL FUND TYPES
As of December 31, 2003 & 2002**

| | 2003 Balance | 2002 Balance |
|---------------------------|-----------------|-----------------|
| Cash and Cash Equivalents | \$ 67,146 | \$ 71,060 |
| Investments | 41,000 | 6,000 |
| | \$ 108,146 | \$ 77,060 |

CASH BALANCES BY FUND CLASS

Governmental Fund Types:

| | | |
|--------------|------------|-----------|
| General Fund | \$ 102,146 | \$ 71,060 |
|--------------|------------|-----------|

Fiduciary Fund Type:

| | | |
|------------------|-------|-------|
| Expendable Trust | 6,000 | 6,000 |
|------------------|-------|-------|

| | | |
|-------|------------|-----------|
| Total | \$ 108,146 | \$ 77,060 |
|-------|------------|-----------|

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, 2003

| | <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 | \$ 122,276 | \$ - | \$ 122,276 |
| Charges for Services | 26,540 | - | 26,540 |
| Sale of Lots | 14,850 | - | 14,850 |
| Earnings on Investments | 160 | 265 | 425 |
| Miscellaneous Revenue | 3,525 | - | 3,525 |
| | <hr/> | <hr/> | <hr/> |
| Total Receipts | 167,351 | - | 167,616 |
| Disbursements: | | | |
| Current: | | | |
| Salaries | 77,737 | - | 77,737 |
| Employee Benefits | 33,306 | - | 33,306 |
| Supplies | 3,227 | - | 3,227 |
| Insurance | 5,599 | - | 5,599 |
| Contractual Services | 6,425 | - | 6,425 |
| Utilities | 3,053 | - | 3,053 |
| Miscellaneous | 5,037 | 265 | 5,302 |
| Capital Outlay | 1,881 | - | 1,881 |
| | <hr/> | <hr/> | <hr/> |
| Total Disbursements | 136,265 | - | 136,530 |
| Total Receipts Over/(Under) | | | |
| Disbursements | 31,086 | - | 31,086 |
| Fund Cash Balance, January 1 | <u>71,060</u> | <u>6,000</u> | <u>77,060</u> |
| Fund Cash Balance, December 31 | <u>\$ 102,146</u> | <u>\$ 6,000</u> | <u>\$ 108,146</u> |
| Reserve for Encumbrances, December 31 | \$ - | \$ - | \$ - |

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, 2002

| | <u>Governmental</u> <u>Fund Type</u> | <u>Fiduciary</u> <u>Fund Type</u> <u>Expendable</u> | <u>Total</u> <u>Memorandum</u> <u>Only</u> |
|--|---|---|--|
| | <u>General</u> | <u>Trust</u> | |
| Receipts: | | | |
| Intergovernmental | \$ 113,464 | \$ - | \$ 113,464 |
| Charges for Services | 26,196 | - | 26,196 |
| Sale of Lots | 24,550 | - | 24,550 |
| Earnings on Investments | 322 | 67 | 389 |
| Miscellaneous Revenue | - | - | - |
| Total Receipts | 164,532 | - | 164,599 |
| Disbursements: | | | |
| Current: | | | |
| Salaries | 76,734 | - | 76,734 |
| Employee Benefits | 28,657 | - | 28,657 |
| Supplies | 3,634 | - | 3,634 |
| Insurance | 4,027 | - | 4,027 |
| Contractual Services | 7,507 | - | 7,507 |
| Utilities | 3,049 | - | 3,049 |
| Miscellaneous | 3,132 | 67 | 3,199 |
| Capital Outlay | 159 | - | 159 |
| Total Disbursements | 126,899 | - | 126,966 |
| Total Receipts Over/(Under) | | | |
| Disbursements | 37,633 | - | 37,633 |
| Fund Cash Balance, January 1 | 33,427 | 6,000 | 39,427 |
| Fund Cash Balance, December 31 | \$ 71,060 | \$ 6,000 | \$ 77,060 |
| Reserve for Encumbrances, December 31 | \$ - | \$ - | \$ - |

See accompanying Notes to the Financial Statements.

**NORTHFIELD MACEDONIA UNION CEMETARY
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

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, 2003 AND 2002**

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. 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.

F. 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 investment pool. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances, Governmental Fund Type - (General Fund), As of December 31, 2002 & 2003."

Legal Requirements

State statutes classify monies held by the Cemetery into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Cemetery Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**NORTHFIELD MACEDONIA UNION CEMETARY
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS(Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Cemetery, and be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**NORTHFIELD MACEDONIA UNION CEMETARY
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS(Continued)

Protection of the Cemetery's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year end, the carrying amount of the Cemetery's deposits were \$108,146 in 2003 and \$77,060 in 2002 and the bank balance was \$112,570 in 2003 and \$79,983 in 2002. Of the bank balance, all was covered by the Federal Depository Insurance Corporation (FDIC) in 2002, while \$100,000 was covered by the FDIC with the remainder collateralized by securities specifically pledged by the financial institution to the Cemetery in 2003.

Investments: GASB Statement No.3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and market value of investments classified by risk. Category 1 included investments that are insured or registered for which the securities are held in the counter party's trust department or agent in the Cemetery's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the Cemetery's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the Cemetery's name. At December 31, 2002 and 2003, the Cemetery held no investments that would be classified as investments under GASB Statement No.3.

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9 entitled "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the financial statements and classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

| | Cash and Cash Equivalents/ Deposits | Investments |
|--|--|-------------|
| <u>2002</u> | | |
| GASB Statement 9 | \$71,060 | \$6,600 |
| Investments: | | |
| Certificate of Deposit with a maturity of more than 90 days | 6,600 | (6,600) |
| GASB Statement 3 | \$77,060 | \$ - |

**NORTHFIELD MACEDONIA UNION CEMETARY
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS(Continued)

| | Cash and Cash Equivalents/ Deposits | Investments |
|--|--|-------------|
| <u>2003</u> | | |
| GASB Statement 9 | \$67,146 | \$41,000 |
| Investments: | | |
| Certificate of Deposit with a maturity of more than 90 days | 41,000 | (41,000) |
| GASB Statement 3 | \$108,146 | \$ - |

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 PERS for the years ended December 31, 2003, 2002 and 2001 were \$11,365, \$9,632 and \$8,239; respectively, which equals the required contributions for those years. The full amount has been contributed for 2003, 2002 and 2001.

5. SUBSEQUENTEVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
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 of and for the year ended December 31, 2002 & 2003, and have issued our report thereon dated July 28, 2004. 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.

Compliance

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 and grants, 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*.

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 assurance 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 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. However, we noted certain other matters involving the internal control over financial reporting that we have reported to management of the Cemetery in a separate letter dated July 28, 2004.

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

Charles E. Harris & Associates, Inc.
July 28, 2004

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 2001 and 2000, did not include material citations or recommendations.



**Auditor of State
Betty Montgomery**

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800-282-0370
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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
SEPTEMBER 16, 2004**