

LEXINGTON UNION CEMETERY
RICHLAND COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 - 2005



Mary Taylor, CPA

Auditor of State

Board of Trustees
Lexington Union Cemetery
3481 Lindsey Road
Lexington, Ohio 44904

We have reviewed the *Independent Accountants' Report* of the Lexington Union Cemetery, Richland County, prepared by Knox & Knox, for the audit period January 1, 2005 through December 31, 2006. 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. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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 *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State 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 Lexington Union Cemetery is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 23, 2007

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LEXINGTON UNION CEMETERY
RICHLAND COUNTY

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KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

Lexington Union Cemetery
Richland County
3481 Lindsey Road
Lexington, OH 44904

We have audited the accompanying financial statements of the Lexington Union Cemetery, Richland County, Ohio, (the Cemetery) as of and for the years ended December 31, 2006 and 2005. 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, if any, 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 has prepared its 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 accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Lexington Union Cemetery to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While the Lexington Union Cemetery does not follow GAAP, generally accepted auditing standards require 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 Lexington Union Cemetery has elected not to reformat its statements. Since the Lexington Union 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 paragraph, 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 Lexington Union Cemetery's combined funds as of December 31, 2006 and 2005, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Lexington Union Cemetery, Richland County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Lexington Union Cemetery to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Lexington Union 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 July 17, 2007, on our consideration of the Lexington Union Cemetery's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Knox & Knox

Orrville, Ohio
July 17, 2007

LEXINGTON UNION CEMETERY
RICHLAND COUNTY

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2006 AND 2005

| Cash and Cash Equivalents | <u>2006</u> | <u>2005</u> |
|---------------------------------|-------------------------|-------------------------|
| Cash and Cash Equivalents | <u>\$476,675</u> | <u>\$461,146</u> |
| Total Cash and Cash Equivalents | <u><u>\$476,675</u></u> | <u><u>\$461,146</u></u> |
| Cash Fund Balances | | |
| Government Fund Types | | |
| General Fund | \$419,965 | \$406,999 |
| Non-expendible Trust Fund | <u>56,710</u> | <u>54,147</u> |
| Total Governmental Fund Types | <u>476,675</u> | <u>461,146</u> |
| Total Cash Fund Balances | <u><u>\$476,675</u></u> | <u><u>\$461,146</u></u> |

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

LEXINGTON UNION CEMETERY
RICHLAND COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GENERAL AND NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

| | General | Non-Expendable Trust | Totals (Memorandum Only) |
|-----------------------------------|-----------|-------------------------|--------------------------------|
| Cash Receipts | | | |
| Intergovernmental | \$36,682 | | \$36,682 |
| Charges for services | 4,875 | | 4,875 |
| Sale of Lots | 5,462 | \$1,775 | 7,237 |
| Earnings on Investments | 15,883 | 788 | 16,671 |
| Intergovernmental | 462 | | 462 |
| Total Cash Receipts | 63,364 | 2,563 | 65,927 |
| Cash Disbursements | | | |
| Current: | | | |
| General Government | 6,715 | | 6,715 |
| Health | 43,683 | | 43,683 |
| Total Cash Disbursements | 50,398 | | 50,398 |
| Total Receipts Over Disbursements | 12,966 | 2,563 | 15,529 |
| Fund Cash Balances, January 1 | 406,999 | 54,147 | 461,146 |
| Fund Cash Balances, December 31 | \$419,965 | \$56,710 | \$476,675 |

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

LEXINGTON UNION CEMETERY
RICHLAND COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - GENERAL AND NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

| | General | Non-Expendable Trust | Totals (Memorandum Only) |
|-----------------------------------|-----------|-------------------------|--------------------------------|
| Cash Receipts | | | |
| Intergovernmental | \$36,813 | | \$36,813 |
| Charges for services | 4,275 | | 4,275 |
| Sale of Lots | 3,246 | \$1,075 | 4,321 |
| Earnings on Investments | 8,709 | 1,077 | 9,786 |
| Intergovernmental | 4,208 | | 4,208 |
| Licenses, Permits, Fees | 75 | | 75 |
| Total Cash Receipts | 57,326 | 2,152 | 59,478 |
| Cash Disbursements | | | |
| Current | | | |
| General Government | 6,405 | | 6,405 |
| Health | 45,240 | | 45,240 |
| Total Cash Disbursements | 51,645 | | 51,645 |
| Total Receipts Over Disbursements | 5,681 | 2,152 | 7,833 |
| Fund Cash Balances, January 1 | 401,318 | 51,995 | 453,313 |
| Fund Cash Balances, December 31 | \$406,999 | \$54,147 | \$461,146 |

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

LEXINGTON UNION CEMETERY
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lexington Union Cemetery, Richland County, (the Cemetery) is a body corporate and politic established to exercise 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 by legislative authorities of the Village of Lexington and Troy Township. 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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

All cash is in demand deposits (checking and savings).

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. Non-Expendable Trust Fund

Trust funds are used to account for resources restricted by legally binding trust agreements. The agreement requires the Cemetery to maintain the corpus of the trust, therefore, the fund is classified as a non-expendable trust fund. The Cemetery had the following non-expendable trust fund:

Cemetery Endowment Fund - This fund receives interest from investments and a portion of the grave lot sales. Such proceeds are used to maintain cemetery grounds.

LEXINGTON UNION CEMETERY
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. EQUITY IN POOLED CASH

The Cemetery maintains cash in segregated accounts for each fund. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

| | | |
|-----------------|-------------------|-------------------|
| | <u>2006</u> | <u>2005</u> |
| Demand deposits | <u>\$ 476,675</u> | <u>\$ 461,146</u> |
| Total deposits | <u>\$ 476,675</u> | <u>\$ 461,146</u> |

Deposits: Deposits are either 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). OPERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, employee members contributed 9.0% and 8.5% of their gross salaries, respectively. The Cemetery contributed an amount equal to 13.7% (2006) and 13.55% (2005) of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2006.

7. RISK MANAGEMENT

Commercial Insurance:

The Cemetery has obtained commercial insurance for the following risks:

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

8. RELATED PARTY TRANSACTIONS

The Cemetery acquired goods or services from an entity owned by a relative of a Cemetery official.

KNOX & KNOX

Accountants and Consultants

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Lexington Union Cemetery
Richland County
3481 Lindsey Road
Lexington, OH 44904

We have audited the accompanying financial statements of the Lexington Union Cemetery as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated July 17, 2007, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Lexington Union 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 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 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 a material weakness. However, we noted other matters involving internal control over financial reporting that we have reported to the management of the Lexington Union Cemetery in a separate letter dated July 17, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lexington Union Cemetery's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant

Lexington Union Cemetery
Richland County
Independent Accountants' Report on
Compliance and on Internal Control
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agreements, 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 the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Knox & Knox

Orrville, Ohio
July 17, 2007



Mary Taylor, CPA
Auditor of State

LEXINGTON UNION CEMETERY

RICHLAND 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 4, 2007**