



**Auditor of State
Betty Montgomery**

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

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**Auditor of State
Betty Montgomery**

Harrison Township Union Cemetery
Perry County
11650 Tunnel Hill Street
Crooksville, Ohio 43731

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 cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

April 27, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Harrison Township Union Cemetery
Perry County
11650 Tunnel Hill Road
Crooksville, Ohio 43731

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Township Union Cemetery, Perry County, Ohio (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 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 require the Cemetery to reformat their financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds these 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 the 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 is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding 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 Harrison Township Union Cemetery, Perry 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 April 27, 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

April 27, 2005

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 29,249	\$	\$ 29,249
Charges for Services	10,100		10,100
Royalties	263		263
Tower Lease	4,830		4,830
Interest	975	1	976
	<u>45,417</u>	<u>1</u>	<u>45,418</u>
Cash Disbursements:			
Current:			
Salaries	17,752		17,752
Equipment and Fuel	2,752		2,752
Utilities	3,666		3,666
Contracts - Services	9,548		9,548
Public Employees' Retirement	2,513		2,513
Workers' Compensation	1,431		1,431
Miscellaneous	2,442		2,442
	<u>40,104</u>	<u>0</u>	<u>40,104</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>5,313</u>	<u>1</u>	<u>5,314</u>
Fund Cash Balances, January 1	<u>7,582</u>	<u>27,300</u>	<u>34,882</u>
Fund Cash Balances, December 31	<u><u>\$12,895</u></u>	<u><u>\$27,301</u></u>	<u><u>\$40,196</u></u>

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

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 18,900	\$	\$ 18,900
Charges for Services	7,500		7,500
Royalties	331		331
Tower Lease	5,232		5,232
Interest	1,127	2	1,129
Miscellaneous	1,709		1,709
	<u>34,799</u>	<u>2</u>	<u>34,801</u>
Total Cash Receipts			
	<u>34,799</u>	<u>2</u>	<u>34,801</u>
Cash Disbursements:			
Current:			
Salaries	15,822		15,822
Equipment and Fuel	2,185		2,185
Utilities	4,122		4,122
Contracts - Services	9,960		9,960
Public Employees' Retirement	2,035		2,035
Workers' Compensation	2,121		2,121
Miscellaneous	3,289		3,289
	<u>39,534</u>	<u>0</u>	<u>39,534</u>
Total Cash Disbursements			
	<u>39,534</u>	<u>0</u>	<u>39,534</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(4,735)</u>	<u>2</u>	<u>(4,733)</u>
Fund Cash Balances, January 1	<u>12,317</u>	<u>27,298</u>	<u>39,615</u>
Fund Cash Balances, December 31	<u><u>\$7,582</u></u>	<u><u>\$27,300</u></u>	<u><u>\$34,882</u></u>

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

**HARRISON TOWNSHIP UNION CEMETERY
PERRY 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 Harrison Township Union Cemetery, Perry County (the Cemetery), as a body corporate and politic. The Cemetery is directed by an appointed three-member Board of Trustees. The Board is appointed by the Village of Crooksville and the Harrison Township Trustees. The Harrison Township Trustees 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 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. Special Revenue Funds

These funds present proceeds from specific sources (other than from trusts or for capital projects) restricted to expenditure for specific purposes. The Cemetery had the following significant Special Revenue Fund:

Cemetery Perpetual Care Fund - This fund receives a portion of proceeds from the sale of lots whereby the interest earned is used for the perpetual care of the cemetery.

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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	\$10,196	\$4,882
Certificates of deposit	30,000	30,000
Total deposits	<u>\$40,196</u>	<u>\$34,882</u>

Deposits: Deposits are insured by the Federal Deposit 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.

4. RISK MANAGEMENT

Commercial Insurance

The Cemetery has obtained commercial insurance for the following risks:

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



**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***

Harrison Township Union Cemetery
Perry County
11650 Tunnel Hill Road
Crooksville, Ohio 43731

To the Board of Trustees:

We have audited the financial statements of the Harrison Township Union Cemetery, Perry County, Ohio (the Cemetery), as of and for the years ended December 31, 2004 and 2003 and have issued our report thereon dated April 27, 2005, wherein we noted the Cemetery prepared its financial statements using 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 in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Cemetery's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as item 2004-001 and 2004-002.

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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the Cemetery's management dated April 27, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*. In a separate letter to the Cemetery's management dated April 27, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

April 27, 2005

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Reportable Condition – Monitoring of Cemetery Financial Activity

It is management's responsibility to ensure control procedures are established and adequate separation of duties is included within the control structure to provide reasonable assurance that financial objectives will be achieved. Separation of duties is the first line of defense against the prevention, detection, and correction of errors and irregularities. The objective of an effective segregation of duties is to ensure no one person has complete control over a transaction throughout its initiation, authorization, recording, processing, and reporting.

The size of the Cemetery's staff did not allow for an adequate segregation of duties. The Clerk performed all accounting functions including, receipting, disbursing, depositing, and reconciling the general checking account. Therefore, it is essential for the Board of Trustees to closely monitor financial activity. However, there was no documentation of the extent to which the Board reviewed financial information. Without adequate monitoring by the Board, errors and/or irregularities could occur and remain undetected for an extended period of time.

We recommend that, after the Clerk performs the monthly bank reconciliation, the Board review the validity of the computations and attest to their accuracy. Also, the Board should carefully review and approve pertinent financial information monthly, such as the revenue and expenditure journals, and make appropriate inquiries to determine the continued integrity of financial information. Appropriate inquiries would include:

- Are current receipts sufficient to cover expenditures?
- Are receipts and expenditures in line with prior years?
- If unusual fluctuations occur in receipts and expenditures, is the reason understood?
- Are anticipated receipts being received in a timely manner?

The information obtained as a result of such reviews and inquiries will provide important data necessary to properly manage the Cemetery.

FINDING NUMBER 2004-002

Reportable Condition - Supporting Documentation

It is management's responsibility to design and implement internal control policies and procedures to reasonably ensure specific financial objectives will be achieved. A sound internal control structure requires procedures performed be thoroughly documented to provide management with reasonable assurance they are being performed timely and consistently.

During our review of the Cemetery's disbursement system, we noted several disbursements where invoices were not attached to vouchers; payments were made without detailed invoices and/or payments were made from a monthly statement only.

Of the 32 disbursements tested in 2003, 11 were not supported by vouchers which contained Board approval to make the expenditure and 4 disbursements were made using a monthly statement only and one disbursement was made without a detailed invoice.

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2004-002 (Continued)

Reportable Condition - Supporting Documentation (Continued)

Of the 30 disbursements tested in 2004, 9 disbursements did not have a voucher attached with Board approval to make the expenditure and 8 disbursements were made using a monthly statement only and 2 disbursements were made without a detailed invoice.

As a result, certain disbursements were not properly documented and/or approved. Although we found that all disbursements were paid, these conditions could allow errors or irregularities to occur and remain undetected.

We recommend the Clerk-Treasurer refrain from making expenditures unless supported by a detailed invoice to support each payment. Also, each invoice should be attached to a voucher approved by the Board of Trustees.

HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-31064-001	Inadequate monitoring by the Board.	No	Not Corrected, repeated as Finding 2004-001



**Auditor of State
Betty Montgomery**

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HARRISON TOWNSHIP UNION CEMETERY

PERRY 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 16, 2005**