



Mary Taylor, CPA  
Auditor of State



HARRISON TOWNSHIP UNION CEMETERY  
PERRY COUNTY

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Mary Taylor, CPA  
Auditor of State

Harrison Township Union Cemetery  
Perry County  
11650 Tunnel Hill Road  
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 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 22, 2007

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# Mary Taylor, CPA

Auditor of State

## 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 the Harrison Township Union Cemetery, Perry 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 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.

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 cemeteries 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, 2006 and 2005 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, 2006 and 2005, or its 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 fund cash balances of Harrison Township Union Cemetery, Perry County, as of December 31, 2006 and 2005, and its 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, 2006 and 2005. 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 October 22, 2007 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.

These statements and notes replace the statement and notes previously issued with our opinion dated October 22, 2007. Those statements included incorrect financial statements for the year ended December 31, 2005.

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

Mary Taylor, CPA  
Auditor of State

October 22, 2007, except for the matter described in the preceding paragraph, for which the date is November 19, 2009



**HARRISON TOWNSHIP UNION CEMETERY  
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Permanent Fund</b>	
<b>Cash Receipts:</b>			
Intergovernmental	\$6,480	\$0	\$6,480
Charges for Services	15,585	0	15,585
Tower Lease	5,333	0	5,333
Interest	808	0	808
Miscellaneous	611	0	611
	<u>28,817</u>	<u>0</u>	<u>28,817</u>
<b>Total Cash Receipts</b>			
	<u>28,817</u>	<u>0</u>	<u>28,817</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	19,072	0	19,072
Equipment and Fuel	2,316	0	2,316
Utilities	2,080	0	2,080
Contracts - Services	4,013	0	4,013
Public Employees' Retirement	2,730	0	2,730
Workers Compensation	1,256	0	1,256
Miscellaneous	2,382	0	2,382
	<u>33,849</u>	<u>0</u>	<u>33,849</u>
<b>Total Cash Disbursements</b>			
	<u>33,849</u>	<u>0</u>	<u>33,849</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(5,032)</u>	<u>0</u>	<u>(5,032)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Other Sources - Proceeds of Loan	5,000	0	5,000
	<u>5,000</u>	<u>0</u>	<u>5,000</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>5,000</u>	<u>0</u>	<u>5,000</u>
<b>Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(32)</b>	<b>0</b>	<b>(32)</b>
<b>Fund Cash Balances, January 1</b>	<b>5,369</b>	<b>27,000</b>	<b>32,369</b>
	<u>5,369</u>	<u>27,000</u>	<u>32,369</u>
<b>Fund Cash Balances, December 31</b>	<b>\$5,337</b>	<b>\$27,000</b>	<b>\$32,337</b>
	<u>\$5,337</u>	<u>\$27,000</u>	<u>\$32,337</u>

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

**HARRISON TOWNSHIP UNION CEMETERY  
PERRY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Permanent Fund	
<b>Cash Receipts:</b>			
Intergovernmental	\$19,000	\$0	\$19,000
Charges for Services	8,590	0	8,590
Tower Lease	5,332	0	5,332
Interest	877	0	877
Miscellaneous	401	0	401
<b>Total Cash Receipts</b>	<b>34,200</b>	<b>0</b>	<b>34,200</b>
<b>Cash Disbursements:</b>			
Current:			
Salaries	23,223	0	23,223
Equipment and Fuel	3,330	0	3,330
Utilities	4,564	0	4,564
Contracts - Services	4,744	0	4,744
Public Employees' Retirement	2,727	0	2,727
<b>Total Cash Disbursements</b>	<b>42,025</b>	<b>0</b>	<b>42,025</b>
Total Cash Receipts Over/(Under) Cash Disbursements	(7,825)	0	(7,825)
<b>Other Financing Receipts/(Disbursements):</b>			
Other Sources - Loan Proceeds	2,000		2,000
Other Uses - Loan Payments	(2,000)		(2,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,825)	0	(7,825)
Fund Cash Balances, January 1	13,194	27,000	40,194
<b>Fund Cash Balances, December 31</b>	<b>\$5,369</b>	<b>\$27,000</b>	<b>\$32,369</b>

*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, 2006 AND 2005**

**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 and an appointed Clerk/Treasurer. 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**

Certificates of deposit are valued at cost. Interest earned is recognized and recorded when received.

**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. Permanent Fund**

These funds account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Cemetery's programs. The Cemetery had the following significant Permanent Fund.

**HARRISON TOWNSHIP UNION CEMETERY  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Fund Accounting (continued)**

**2. Permanent Fund (continued)**

*Permanent Fund* – This fund is used to account for the principal received, comprised of a portion of lot sales, and related interest income. The interest portion of the fund must be used to maintain the Cemetery.

**E. Interest Earned on Trust Funds**

Interest earned by the Permanent Fund is recorded in the General Fund since it must be used for upkeep and maintenance of the Cemetery, which is paid from the General Fund.

**F. Property, Plant, and Equipment**

Acquisitions of property, plant and equipment are recorded as 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. The financial statements do not report unpaid vacation and sick leave as liabilities.

**2. PERMANENT FUND PRIOR PERIOD RESTATEMENT**

The following restatement was made based upon Cemetery management's representations.

<b>Fund</b>	<b>December 31, 2004 Balance</b>	<b>Adjustment</b>	<b>December 31, 2004 Balance Restated</b>
General Fund	\$12,893	\$301	\$13,194
Permanent Fund	\$27,301	\$(301)	\$27,000

The Permanent Fund balance may be subject to future restatements should additional information become available.

**3. 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>2006</u>	<u>2005</u>
Demand deposits	\$3,337	\$3,369
Certificates of deposit	29,000	29,000
Total deposit	<u>\$32,337</u>	<u>\$32,369</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**HARRISON TOWNSHIP UNION CEMETERY  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**4. 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 2006, OPERS employee members contributed 9.0 percent of their gross salaries. The Cemetery contributed an amount equal to 13.70 percent of participants' gross salaries. For 2005, OPERS employee members contributed 8.5 percent of their gross salaries. The Cemetery contributed an amount equal to 13.55 percent of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2006.

**5. RISK MANAGEMENT**

The Cemetery is uninsured for the following risks:

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

**6. OPERATING LOAN AND TAX LEVY**

Through an oversight of the Board of Cemetery Trustees, a tax levy was not certified to the Perry County Budget Commission in 2005 and, as a result, the tax levy was allowed to expire. A one mill operating levy was placed on the ballot and approved in the May 2006 with the first tax collections to be made during 2007. Harrison Township agreed to loan the Cemetery operating funds to compensate for the time period where no tax proceeds were received by the Cemetery. According to Cemetery officials, \$12,000 has been borrowed to date, of which \$4,500 has been repaid as of the date of this report. The balance will be repaid to Harrison Township in 3 semi-annual installments of \$2,500 each. The following table details the funds borrowed and repaid as of the date of this report.

<b>Transaction Date</b>	<b>Amount Borrowed</b>	<b>Amount Repaid</b>	<b>Balance Owed</b>
2005	\$2,000	\$2,000	\$-
2006	\$5,000	-	\$5,000
2007	\$5,000	\$2,500	\$7,500

**7. RESTATEMENT OF FINANCIAL STATEMENT**

These statements and notes replace the statement and notes previously issued with the opinion dated October 22, 2007. Those statements included the incorrect financial statement for the year ended December 31, 2005.

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# Mary Taylor, CPA

Auditor of State

## **Independent Accountant's 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, 2006 and 2005, and have issued our report thereon dated October 22, 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 also noted the previously issued financial statements included the incorrect financial statement for the year ended December 31, 2005. 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-005.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Cemetery's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings 2006-001 through 2006-004 are also material weaknesses.

We also noted certain internal control matters that we reported to the Cemetery's management in a separate letter dated October 22, 2007.

### **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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2006-003.

We also noted certain noncompliance or other matters that we reported to the Cemetery's management in a separate letter dated October 22, 2007.

The Cemetery's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Cemetery's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

October 22, 2007, except for the matter described in the first paragraph, for which the date is November 19, 2009



**HARRISON TOWNSHIP UNION CEMETERY  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2006-001**

**Material Weakness - Monitoring 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-Treasurer 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-Treasurer 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 postings, 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 the 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.

**Officials' Response:**

Monthly bank statements will be reviewed by the Board at each meeting.

**FINDING NUMBER 2006-002**

**Material Weakness - Lack of Supporting Documentation for Disbursements**

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 92 vouchers tested during the audit period, 8 disbursements were made from a monthly statement only without the benefit of a detailed invoice.

**HARRISON TOWNSHIP UNION CEMETERY  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2006  
(Continued)**

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

**FINDING NUMBER 2006-002 (Continued)**

**Material Weakness - Lack of Supporting Documentation for Disbursements (Continued)**

As a result, certain disbursements were not properly documented and/or approved. Although all disbursements appear to have been made for a proper public purpose, 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.

**Officials' Response:**

The Board will ensure that bills are attached to vouchers prior to Board approval.

**FINDING NUMBER 2006-003**

**Material Noncompliance and Material Weakness – Loan Proceeds from Harrison Township**

A union cemetery established under the authority of Ohio Rev. Code Section 759.27 has the authority to perform those procedures expressly granted within the law. Ohio Rev. Code Section 759.36 states that the board of cemetery trustees so elected shall have the custody of the funds derived from the tax levy provided by section 759.34 of the Revised Code, and the political subdivision shall pay the funds to the board of cemetery trustees upon its application for them. The board of cemetery trustees also shall have the custody of the funds derived from any tax levied by the union cemetery district under Chapter 5705 of the Revised Code.

The board of cemetery trustees shall have all the powers and perform all the duties exercised and performed by the director of public service of a municipal corporation under sections 759.09 to 759.14 of the Revised Code. The board of cemetery trustees may create a permanent endowment fund for the express purpose of keeping the cemetery clean and in good order and may: (A) Add to the price regularly charged for lots a sum for that purpose; (B) Receive gifts for that purpose; (C) Enter into separate agreements with the purchasers of lots by which an agreed part of the purchase price shall constitute a permanent fund; and (D) Receive individual gifts for the fund, the income thereof to be used for the upkeep and care of lots. When any such funds are received or created, there shall be a permanent fund for such use and the income therefrom shall be used only for such purpose, and the principal sum shall be kept and invested under the same terms fixed by law for the investment of the funds of a minor by his guardian.

Crooksville's Village Council and Harrison Township's Board of Trustees failed to hold a joint meeting in May 2005 for the purpose of determining the rate of tax to be levied upon the taxable property of the Village and Township, as required by Ohio Revised Code Section 759.34. As a result, the tax levy was allowed to expire. Harrison Township's Board of Trustees agreed to loan the Cemetery operating monies to compensate for the loss of tax revenues. As of the date of this report, the Cemetery had borrowed \$12,000 of which \$4,500 has been repaid.

**HARRISON TOWNSHIP UNION CEMETERY  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2006  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-003 (Continued)**

**Material Noncompliance and Material Weakness – Loan Proceeds from Harrison Township (Continued)**

We also recommend that the entire amount of each cemetery levy tax settlement received by Harrison Township be paid to the Cemetery rather than a portion of the proceeds being retained by the Township.

**Officials' Response:**

Joint meetings will be held in May of each year.

**FINDING NUMBER 2006-004**

**Material Weakness - Consolidated Bank Reconciliation and Cashbook**

A sound accounting system should enable the entity to identify, assemble, analyze, classify, record and report its transactions, and prepare accurate financial statements.

The accounting system maintained by the Clerk-Treasurer did not classify receipts and did not include monthly consolidated bank reconciliations that included all checking accounts, savings accounts and certificates of deposit.

As a result, adjustments were required to properly report the amounts recorded on the annual financial reports filed for 2005 and 2006. In addition, without a reconciliation that includes all accounts of the Cemetery and without a cashbook that includes activity of all Cemetery bank accounts, errors and/or irregularities could occur and remain undetected.

We recommend a cashbook be maintained that includes the classification of receipts as well as disbursements. All cash transactions should be included in the cashbook, and monthly and year-to-date totals should be prepared. A consolidated bank reconciliation should be performed monthly to include the checking account, all savings accounts, and all certificates of deposit. Any inter-account bank activity should be recorded in memo entry form. The Board should review each bank reconciliation and the cashbook to ensure their accuracy. These procedures should enable the Clerk-Treasurer to prepare the annual financial report directly from the cashbook.

**Officials' Response:**

All monies will be included in the bank reconciliations. A cashbook will be maintained.

**HARRISON TOWNSHIP UNION CEMETERY  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2006  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-005**

**Significant Deficiency - Permanent Fund Designation**

The Cemetery maintains a permanent fund whereby the principal of the fund is to remain and only the interest income is to be used for the perpetual care of the Cemetery. Current Cemetery management is not certain as to the whether the principal of the fund is comprised of either proceeds from a portion of the fees charged for prior lot sales or trust funds that were left to the Cemetery for the upkeep of cemetery plots, or a combination of both. Should a portion of the Permanent Fund be comprised of monies from trust funds, Cemetery officials have indicated the actual documentation (i.e., trust agreements, bequests, etc.) is not on file with the Cemetery. According to the Clerk-Treasurer, a Cemetery savings account previously reported as a part of the Permanent Fund should have been considered part of the General Fund. A prior period restatement was made based upon her representations to us.

We recommend the Board research the Cemetery's files and consult with the Cemetery's legal counsel in order to determine whether the currently reported balance of \$27,000 in the Permanent Fund is the amount that should be considered as principal. If the Board continues to find no additional information and believes the current balance to be representative of the principal, we recommend that at the next joint meeting of the Village Council and Township Board, a resolution be adopted to declare the principal amount at \$27,000 as correct. We also recommend that, within the same resolution, the Cemetery declare its intent as to whether any future provisions will be made to the Permanent Fund from future sales of lots.

In the case where additional lots are being sold without any portion being placed into a permanent fund to provide for perpetual care, the Cemetery increases the risk that future funding may not be adequate to provide for perpetual care, especially if an operating levy should fail to pass.

**Officials' Response:**

The Board intends to discuss this issue at its next joint meeting and adopt a resolution as necessary to insure funds for the future.

HARRISON TOWNSHIP UNION CEMETERY  
PERRY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	Monitoring Financial Activity	No	Repeated as Finding Number 2006-001
2004-002	Lack of Supporting Documentation	No	Repeated as Finding Number 2006-002





**Mary Taylor, CPA**  
Auditor of State

**HARRISON TOWNSHIP UNION TOWNSHIP**

**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  
DECEMBER 8, 2009**