



Dave Yost • Auditor of State

HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY

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Dave Yost • 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 12, 2011

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Dave Yost • 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, 2010 and 2009. 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.

Instead of the combined funds the accompanying financial statements present, 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Harrison Township Union Cemetery, Perry County, Ohio, as of December 31, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 12, 2011, 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.



Dave Yost
Auditor of State

October 12, 2011

**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, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Permanent</u>	
Cash Receipts:			
Intergovernmental	\$ 38,848	\$	\$ 38,848
Charges for Services	8,200		8,200
Tower Lease	5,092		5,092
Interest	1,102		1,102
Miscellaneous	40		40
	<hr/>		<hr/>
Total Cash Receipts	53,282	0	53,282
	<hr/>		<hr/>
Cash Disbursements:			
Current Disbursements:			
Salaries	7,124		7,124
Utilities	452		452
Contracts - Repair	11,000		11,000
Contracts - Services	23,866		23,866
Insurance	140		140
Workers' Compensation	337		337
Miscellaneous	1,007		1,007
	<hr/>		<hr/>
Total Cash Disbursements	43,926	0	43,926
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	9,356	0	9,356
Fund Cash Balances, January 1	70,020	27,000	97,020
	<hr/>		<hr/>
Fund Cash Balances, December 31	<u>\$ 79,376</u>	<u>\$ 27,000</u>	<u>\$ 106,376</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, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Permanent</u>	
Cash Receipts:			
Intergovernmental	\$ 51,464	\$	\$ 51,464
Charges for Services	8,475		8,475
Tower Lease	6,017		6,017
Interest	1,050		1,050
Miscellaneous	4,400		4,400
	<u>71,406</u>	<u>0</u>	<u>71,406</u>
Total Cash Receipts			
Cash Disbursements:			
Current Disbursements:			
Salaries	7,805		7,805
Supplies	357		357
Utilities	1,427		1,427
Contracts - Repair	5,400		5,400
Contracts - Services	18,250		18,250
Insurance	501		501
Workers' Compensation	1,207		1,207
Miscellaneous	1,559		1,559
	<u>36,506</u>	<u>0</u>	<u>36,506</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	34,900	0	34,900
Fund Cash Balances, January 1	<u>35,120</u>	<u>27,000</u>	<u>62,120</u>
Fund Cash Balances, December 31	<u>\$ 70,020</u>	<u>\$ 27,000</u>	<u>\$ 97,020</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, 2010 AND 2009**

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 cost 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 accounting basis. The Cemetery 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

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 that is 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 assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to 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, 2010 AND 2009
(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. Equity in Pooled Cash

The Cemetery maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2010	2009
Demand deposits	\$37,376	\$53,020
Certificates of deposit	69,000	44,000
Total deposits	\$106,376	\$97,020

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

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Retirement System

The Cemetery's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Cemetery contributed an amount equaling 14% of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2010.

4. Risk Management

The Cemetery is insured for errors and omissions and is insured under the Village of Crooksville's policy for comprehensive property and general liability.

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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 year ended December 31, 2010 and 2009, and have issued our report thereon dated October 12, 2011, 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 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-01 and 2010-02 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2010-03 described in the accompanying Schedule of Findings to be a significant deficiency.

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*.

We did note certain matters not requiring inclusion in this report that we reported to the Cemetery's management in a separate letter dated October 12, 2011.

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, the Board of Trustees, and others within the Cemetery. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

October 12, 2011

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

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 of 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.

Official's Response: Financial information will be provided to the Trustees for their review.

FINDING NUMBER 2010-02

Material Weakness - Consolidated Bank Reconciliation and Cash Book

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 include monthly consolidated bank reconciliations that included all checking accounts, savings accounts and certificates of deposit.

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-02 (Continued)

Material Weakness - Consolidated Bank Reconciliation and Cash Book (Continued)

As a result, adjustments totaling \$116 for 2010 and \$103 for 2009 were required to properly report activity of the savings accounts for 2009 and 2010. 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. 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.

Official's Response: The Clerk-Treasurer will include all accounts when balancing the monthly bank statement.

FINDING NUMBER 2010-03

Significant Deficiency - Permanent Fund Designation

The Cemetery maintained a permanent fund whereby the principal of the fund was to remain and only the interest income was to be used for the perpetual care of the Cemetery. Cemetery management was not certain as to the whether the principal of the fund was 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.

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.

Official's Response: The \$27,000 in question is equal to four certificates of deposit. All money used to purchase these was paid by owners or families of grave spaces/lots for upkeep of Cemetery. According to legal counsel, interest is allowed to be used in the general account.

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	A Finding for Recovery was issued in the amount of \$2,900 against Terry Abram for public property converted or misappropriated and for monies due but not collected.	No	The Cemetery has not collected any of the Finding for Recovery from Terry Abram.
2008-002	Monitoring Financial Activity	No	Repeated as Finding Number 2010-01
2008-003	Consolidated Bank Reconciliation and Cashbook	No	Repeated as Finding Number 2010-02
2008-004	Permanent Fund Designation	No	Repeated as Finding Number 2010-03

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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
NOVEMBER 10, 2011