



**Auditor of State
Betty Montgomery**

HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY

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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, 2002 and 2001. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Cemetery prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2003 on our consideration of the Cemetery's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Harrison Township Union Cemetery
Perry County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 6, 2003

**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, 2002**

	<u>Governmental Fund Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$19,500	\$	\$19,500
Charges for Services	9,000		9,000
Royalties	149		149
Tower Lease	4,008		4,008
Interest	1,786	5	1,791
Miscellaneous	8,206		8,206
	<hr/>		<hr/>
Total Cash Receipts	42,649	5	42,654
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Salaries & Taxes	16,271		16,271
Equipment	1,608		1,608
Utilities	4,147		4,147
Contracts - Services (state audit, kangas excavating, workercomp)	11,607		11,607
Public Employees' Retirement	1,876		1,876
Miscellaneous	5,501		5,501
Capital Outlay			0
	<hr/>		<hr/>
Total Cash Disbursements	41,010	0	41,010
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	1,639	5	1,644
	<hr/>		<hr/>
Fund Cash Balances, January 1	10,678	27,293	37,971
	<hr/>		<hr/>
Fund Cash Balances, December 31	<u>\$12,317</u>	<u>\$27,298</u>	<u>\$39,615</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, 2001**

	Governmental Fund Type		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Intergovernmental	\$23,383	\$	\$23,383
Charges for Services	6,900		6,900
Royalties	269		269
Tower Lease	4,200		4,200
Sale of Lots	1,550		1,550
Interest	1,777	6	1,783
Miscellaneous	2,626		2,626
	<u>40,705</u>	<u>6</u>	<u>40,711</u>
Total Cash Receipts			
	<u>40,705</u>	<u>6</u>	<u>40,711</u>
Cash Disbursements:			
Current:			
Salaries & Taxes	16,310		16,310
Utilities	4,329		4,329
Tools and Equipment	1,852		1,852
Contracts - Services (Kangas & Extra Help)	11,623		11,623
Public Employees' Retirement	2,023		2,023
Miscellaneous	2,867		2,867
Total Cash Disbursements	39,004	0	39,004
	<u>39,004</u>	<u>0</u>	<u>39,004</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,701</u>	<u>6</u>	<u>1,707</u>
Fund Cash Balances, January 1	<u>8,977</u>	<u>27,287</u>	<u>36,264</u>
Fund Cash Balances, December 31	<u><u>\$10,678</u></u>	<u><u>\$27,293</u></u>	<u><u>\$37,971</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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Harrison Township Union Cemetery, Perry 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 the Village of Crooksville and the Harrison Township Trustees. 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 and Investments

Certificates of deposit are valued at cost. Demand deposit accounts include a checking account and savings account.

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. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Cemetery is not required to follow the budgetary requirements under Ohio Rev. Code Chapter 5705. The Board of Trustees did not pass an appropriation measure, and therefore, no budgetary information is presented.

F. 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. PRIOR PERIOD RESTATEMENT

During 2001, the Cemetery combined its Special Revenue Fund with the General Fund since tower lease revenue previously recorded in the Special Revenue Fund is not restricted. The Township previously reported a nonexpendable trust fund to account for that portion of lot sales to be used for the perpetual care of the cemetery. Since management is not aware of any restrictions imposed on these monies by external parties, this activity should be reported in a special revenue fund. The effect of these restatements is as follows:

	Balance January 1, 2001	Adjustments	Restated Balance January 1, 2001
Special Revenue Funds	\$2,134	\$ 25,153	\$ 27,287
General Fund	\$6,843	\$ 2,134	\$ 8,977
Nonexpendable Trust Fund	\$27,287	\$ (27,287)	\$ 0

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:

	2002	2001
Demand deposits	\$7,278	\$5,757
Savings accounts	2,337	2,214
Certificates of deposit	30,000	30,000
<u>Total deposits</u>	<u>\$39,615</u>	<u>\$37,971</u>

Deposits: Deposits, including savings accounts and certificates of deposit, are insured by the Federal Deposit Insurance Corporation.

4. RETIREMENT SYSTEM

The Cemetery's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. RETIREMENT SYSTEM (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS employee members contributed 8.5% of their gross salaries. The Cemetery contributed an amount equal to 13.55% of participants' gross salaries. At December 31, 2002, the Cemetery had not paid \$159 of the employer and employee contributions for each of the trustees, although the required employee contributions were properly withheld. These required contributions had been paid as of the date of this report.

5. RISK MANAGEMENT

Commercial Insurance

The Harrison Township Union Cemetery has obtained commercial insurance for the following risks:

- General liability and casualty;
- Equipment; and
- Property.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
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 accompanying financial statements of Harrison Township Union Cemetery, Perry County, Ohio (the Cemetery), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 6, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Cemetery's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Cemetery in a separate letter dated May 6, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2002-001.

Harrison Township Union Cemetery
Perry County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Cemetery in a separate letter dated May 6, 2003.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 6, 2003

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2002-001

Reportable Condition - Monitoring of Cemetery Financial Activity

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. There was no documentation of the extent to which the Board reviewed financial information. This could result in errors and/or fraud occurring and remaining 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.



**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
JULY 1, 2003**