



Dave Yost • Auditor of State

HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Harrison Township Union Cemetery
Perry County
12823 Township Road 1001 NE
Crooksville, Ohio 43731

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Harrison Township Union Cemetery, Perry County, Ohio (the Cemetery), as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Cemetery's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Cemetery's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Cemetery prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Cemetery as of December 31, 2012 and 2011, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Harrison Township Union Cemetery, Perry County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2011 the Cemetery adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cemetery's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

May 24, 2013

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**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, 2012**

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Permanent</u>	
Cash Receipts:			
Intergovernmental	\$55,800		\$55,800
Charges for Services	14,850		14,850
Tower Lease	6,295		6,295
Interest	646		646
Miscellaneous	134		134
	<hr/>		<hr/>
Total Cash Receipts	77,725	\$0	77,725
	<hr/>		<hr/>
Cash Disbursements:			
Current Disbursements:			
Salaries	2,500		2,500
Utilities	976		976
Equipment	1,604		1,604
Insurance	1,292		1,292
Contracts - Services	19,000		19,000
Public Employees' Retirement	535		535
Workers' Compensation	165		165
Miscellaneous	294		294
	<hr/>		<hr/>
Total Cash Disbursements	26,366	0	26,366
	<hr/>		<hr/>
Excess Receipts Over (Under) Disbursements	51,359	0	51,359
	<hr/>		<hr/>
Fund Cash Balances, January 1	106,364	27,000	133,364
	<hr/>		<hr/>
Fund Cash Balances, December 31			
Nonspendable		27,000	27,000
Unassigned (Deficit)	157,723		157,723
	<hr/>		<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$157,723</u>	<u>\$27,000</u>	<u>\$184,723</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, 2011**

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Permanent</u>	
Cash Receipts:			
Intergovernmental	\$62,715		\$62,715
Charges for Services	10,100		10,100
Tower Lease	6,018		6,018
Interest	341		341
	<hr/>		<hr/>
Total Cash Receipts	79,174	\$0	79,174
	<hr/>		<hr/>
Cash Disbursements:			
Current Disbursements:			
Salaries	8,845		8,845
Utilities	1,485		1,485
Equipment	5,830		5,830
Insurance	500		500
Contracts - Services	31,526		31,526
Public Employees' Retirement	529		529
Workers' Compensation	176		176
Miscellaneous	3,295		3,295
	<hr/>		<hr/>
Total Cash Disbursements	52,186	0	52,186
	<hr/>		<hr/>
Excess Receipts Over (Under) Disbursements	26,988	0	26,988
	<hr/>		<hr/>
Fund Cash Balances, January 1	79,376	27,000	106,376
	<hr/>		<hr/>
Fund Cash Balances, December 31			
Nonspendable		27,000	27,000
Unassigned (Deficit)	106,364		106,364
	<hr/>		<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$106,364</u>	<u>\$27,000</u>	<u>\$133,364</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, 2012 AND 2011**

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. Deposits

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 accounts for and reports all financial resources not accounted for and reported 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, and 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, 2012 AND 2011
(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. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Cemetery must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Cemetery classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Cemetery must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Cemetery Trustees or a Cemetery official delegated that authority by resolution, or by State Statute.

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Cemetery applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Cemetery records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

	2012	2011
Demand deposits	<u>\$85,723</u>	<u>\$34,364</u>
Certificates of deposit	99,000	99,000
Total deposits	<u><u>\$184,723</u></u>	<u><u>\$133,364</u></u>

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

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 2012 and 2011, 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, 2012.

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. Risk Management

The Cemetery has obtained commercial insurance for the following risks:

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



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INDEPENDENT AUDITOR'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
12823 Township Road 1001 NE
Crooksville, Ohio 43731

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Harrison Township Union Cemetery, Perry County, Ohio (the Cemetery), as of and for the year ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated May 24, 2013, wherein we noted the Cemetery followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1 and adopted GASB Statement No. 54.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Cemetery's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Cemetery's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Cemetery's financial statements. We consider finding 2012-04 described in the accompanying Schedule of Findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We

consider findings 2012-02 and 2012-03 described in the accompanying Schedule of Findings to be significant deficiencies.

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, opining 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 matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2012-01.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Cemetery's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Cemetery's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

May 24, 2013

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

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

FINDING NUMBER 2012-01

Noncompliance Citation

Ohio Rev. Code Section 9.38 states public money must be deposited by a public official other than a state officer, employee, or agent with the treasurer of the public office or to a designated depository on the business day following the day of receipt if the total amount exceeds \$1,000. Public money collected for other public offices must be deposited by the first business day following the date of receipt.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority, only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period.

One hundred percent of 2012 and sixty-seven percent of 2011 charges for service receipts tested were not deposited timely. Eighty-five percent of 2012 and 69 percent of 2011 lease receipts tested were not timely deposited. Additionally, one hundred percent of 2012 and 2011 intergovernmental receipts were not timely deposited. Those deposits that were less than \$1,000 were not deposited within three business days in accordance with the Board's June 22, 2010 policy.

We recommend the Cemetery deposit all receipts in a timely manner and ensure that receipts not yet deposited can be safeguarded.

FINDING NUMBER 2012-02

Significant Deficiency

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.

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-03

Significant Deficiency

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The requirements of this Statement were effective for financial statements for periods beginning after June 15, 2010.

The Cemetery failed to implement GASB Statement No. 54 requirements for fiscal years 2012 and 2011. This resulted in adjustments being necessary to the Cemetery's financial statements and additional disclosures being necessary in the Cemetery's notes to the basic financial statements.

We recommend the Cemetery follow the requirements of GASB Statement No. 54 when preparing its financial statements each year. In addition, we recommend the Cemetery remain alert to all new accounting pronouncements and implement these requirements when required.

FINDING NUMBER 2012-04

Material Weakness

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. 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. Financial statement beginning balances were adjusted to include all account activity. These adjustments were agreed to be management.

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.

Officials' Response: We did not receive a response from Officials to the findings reported above.

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

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 Findings for Recovery from Terry Abram.
2010-01	Board Review of Financial Activity	No	Repeated in the current management letter.
2010-02	Consolidated Bank Reconciliation and Cashbook	No	Repeated as Finding Number 2012-04.
2010-03	Permanent Fund Designation	No	Repeated as Finding Number 2012-02.

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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 11, 2013**