

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

AUDIT REPORT

JANUARY 1, 2015 - DECEMBER 31, 2016



Dave Yost • Auditor of State

Board of Trustees
Harrison Township Union Cemetery
12823 Township Road, 1001 NE
Crooksville, Ohio 43731

We have reviewed the *Independent Auditor's Report* of Harrison Township Union Cemetery, Perry County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Harrison Township Union Cemetery is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

December 22, 2017

This page intentionally left blank.

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY
JANUARY 1, 2015 - DECEMBER 31, 2016**

TABLE OF CONTENTS

Table of Contents	(i)
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2016	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2015	4
Notes to the Financial Statements	5-7
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	8
Schedule of Audit Findings	10
Schedule of Prior Audit Findings	12

This page intentionally left blank.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' 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 of the cash balances, receipts and disbursements by fund type and related notes of Harrison Township Union Cemetery, Perry County, as of and for the years ended December 31, 2016 and 2015.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 2 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(D), which is an accounting basis other than accounting principles generally accepted in the United States (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonable determinable, we presume they are material.

Though the Cemetery does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 Harrison Township Union Cemetery, Perry County as of December 31, 2016 and 2015, or changes in financial position thereof for the years 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 Harrison Township Union Cemetery, Perry County as of December 31, 2016 and 2015, 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(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2017, on our consideration of Harrison Township Union 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 25, 2017

**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, 2016**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Permanent Fund</u>	
Cash Receipts:			
Intergovernmental	\$ 48,700	\$ -	\$ 48,700
Charges for Services	14,925	-	14,925
Earnings on Investments	666	-	666
Total Cash Receipts	<u>64,291</u>	<u>-</u>	<u>64,291</u>
Cash Disbursements:			
Current:			
Salaries	3,435	-	3,435
Utilities	879	-	879
Equipment	49,711	-	49,711
Insurance	1,246	-	1,246
Contracts-Service	20,750	-	20,750
Public Employee's Retirement	2,406	-	2,406
Workers Compensation	877	-	877
Contract Labor	6,432	-	6,432
Miscellaneous	5,795	-	5,795
Total Cash Disbursements	<u>91,531</u>	<u>-</u>	<u>91,531</u>
Net Change in Fund Cash Balance	(27,240)	-	(27,240)
Fund Cash Balances, January 1	<u>336,052</u>	<u>27,000</u>	<u>363,052</u>
Fund Cash Balances, December 31			
Nonspendable	-	27,000	27,000
Unassigned (Deficit)	206,042	-	206,042
Fund Cash Balances, December 31	<u>\$ 308,812</u>	<u>\$ 27,000</u>	<u>\$ 335,812</u>

See notes to financial statements.

**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, 2015**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Permanent Fund</u>	
Cash Receipts:			
Intergovernmental	\$ 53,000	\$ -	\$ 53,000
Charges for Services	15,675	-	15,675
Tower Lease	113,912	-	113,912
Earnings on Investments	690	-	690
Miscellaneous	111	-	111
Total Cash Receipts	<u>183,388</u>	<u>-</u>	<u>183,388</u>
Cash Disbursements:			
Current:			
Salaries	2,513	-	2,513
Utilities	1,637	-	1,637
Equipment	107	-	107
Insurance	2,466	-	2,466
Contracts-Service	25,750	-	25,750
Public Employee's Retirement	1,372	-	1,372
Workers Compensation	164	-	164
Contract Labor	5,253	-	5,253
Miscellaneous	14,116	-	14,116
Total Cash Disbursements	<u>53,378</u>	<u>-</u>	<u>53,378</u>
Net Change in Fund Cash Balance	130,010	-	130,010
Fund Cash Balances, January 1	<u>206,042</u>	<u>27,000</u>	<u>233,042</u>
Fund Cash Balances, December 31			
Nonspendable	-	27,000	27,000
Unassigned (Deficit)	206,042	-	206,042
Fund Cash Balances, December 31	<u>\$ 336,052</u>	<u>\$ 27,000</u>	<u>\$ 363,052</u>

See notes to financial statements.

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of 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 to direct cemetery operations and an appointed Clerk/Treasurer. The Board is appointed by the Village of Crooksville and Harrison Cemetery Trustees. The Harrison Cemetery 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Cemetery's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. Fund Accounting

The Cemetery uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Cemetery are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Cemetery for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Funds

These funds account for and report financial resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Cemetery had the following significant permanent fund:

Permanent Fund – This fund is used to account for 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.

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

D. Interest Earned on Perpetual Care Fund

Interest earned by the Perpetual Care Fund is recorded directly in the General Fund, rather than the Perpetual Care Fund, since the Cemetery's General Fund accounts for its only program, cemetery upkeep and maintenance.

The Ohio Revised Code requires that each fund be budgeted annually.

E. 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:

Nonspendable

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

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.

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.

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 FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. EQUITY IN POOLED CASH

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

	2016	2015
Demand deposits	\$ 181,812	\$ 209,052
Certificate of Deposit	154,000	154,000
Total Deposits	<u>\$ 335,812</u>	<u>\$ 363,052</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

4. RISK MANAGEMENT

The Cemetery is insured for the following risks:

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

5. DEFINED BENEFIT PENSION PLANS

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

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10.0% of their gross wages and the Cemetery contributed an amount equal to 14.0% of participant's gross salaries. The Cemetery has paid all contributions required through December 31, 2016.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' 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 general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Harrison Township Union Cemetery, Perry County as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 25, 2017, wherein we noted the Cemetery followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Harrison Township Union 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 opinions 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 first 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. 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 2016-003 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 2016-001 and 2016-002 described in the accompanying Schedule of Findings to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrison Township Union 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 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*.

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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 25, 2017

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

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 lots 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 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.

Client Response: We have not received a response from the Client

FINDING NUMBER 2016-002

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 2016 and 2015. This resulted in adjustments being necessary to the Cemetery's financial statements to properly classify fund balances.

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.

Client Response: We have not received a response from the Client

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-003

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 by 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.

Client Response: We have not received a response from the Client

**HARRISON TOWNSHIP UNION CEMETERY
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	Finding for recovery was issued in the amount of \$2,900 against Terry Abram for public property converted or misappropriated and for monies due not collected	No	The Cemetery has not collected any of the Findings for Recovery from Terry Abram
2014-01	Significant Deficiency Permanent Fund Designation	No	Not Corrected - Refer to Findng 2016-001
2014-004	Significant Deficiency GASB 54 Fund Balance classification	No	Not Corrected - Refer to Findng 2016-002
2014-03	Material Weakness Consolidated Bank Recon and Cashbook	No	Not Corrected - Refer to Findng 2016-003



Dave Yost • Auditor of State

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
JANUARY 4, 2018