



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Shawnee Township Cemetery Association
Allen County
2785 South Dixie Highway
Lima, Ohio 45804

To the Board of Trustees:

We have audited the accompanying financial statements of the Shawnee Township Cemetery Association, Allen County, (the Cemetery), as of and for the years ended December 31, 2001 and 2000. 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 fund cash balance of the Cemetery, as of December 31, 2001 and 2000, and its 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 31, 2002, 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.

This report is intended solely for the information and use of management, 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.

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Jim Petro
Auditor of State

May 31, 2002

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**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	General
Cash Receipts:	
Charges for Services	\$ 20,750
Sale of Lots	9,400
Interest	4,035
Miscellaneous	4,629
 Total Cash Receipts	 38,814
Cash Disbursements:	
Current:	
Salaries	11,364
Supplies	4,269
Equipment	184
Contracts - Services	5,850
Public Employees' Retirement	2,494
Workers' Compensation	249
Miscellaneous	4,365
Capital Outlay	4,140
 Total Disbursements	 32,915
 Total Receipts Over/(Under) Disbursements	 5,899
Other Financing Receipts/(Disbursements):	
Sale of Fixed Assets	2,500
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	 8,399
 Fund Cash Balance, January 1	 90,768
 Fund Cash Balance, December 31	 \$ 99,167

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

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General
Cash Receipts:	
Charges for Services	\$ 16,300
Sale of Lots	6,800
Interest	3,713
Miscellaneous	3,869
 Total Cash Receipts	 30,682
Cash Disbursements:	
Current:	
Salaries	10,293
Supplies	3,372
Equipment	419
Contracts - Services	3,300
Public Employees' Retirement	2,229
Workers' Compensation	328
Miscellaneous	6,540
Capital Outlay	18,514
 Total Disbursements	 44,995
 Total Receipts Over/(Under) Disbursements	 (14,313)
 Fund Cash Balance, January 1	 105,081
 Fund Cash Balance, December 31	 \$ 90,768

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

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Shawnee Township Cemetery Association, Allen 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 appointed by the Shawnee Township Trustees. Shawnee Township also provides funding to meet the Cemetery's operating costs, when necessary, under the agreement which established the Cemetery. 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

Investments are included in the fund cash balance. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. Fund Accounting

The Cemetery uses fund accounting to segregate cash and investments that are restricted as to use. The Cemetery classifies its fund into the following type:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources of the Cemetery

E. Budgetary Process

The Ohio Revised Code requires the Township Cemetery to prepare an annual budget:

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code required the Cemetery to reserve (encumber) appropriations when commitments are made.

Available revenues were not certified to the county auditor and an annual appropriation measure was not approved for either 2001 or 2000, as required by the Ohio Revised Code Sections 5705.36 and 5705.38 respectively, nor was an estimate of anticipated revenues and budgeted expenditures submitted to their affiliated township for inclusion in the Township budgetary process. Also, based on the aforementioned deficiencies, the fiscal officer did not certify that the amounts required for orders or contracts had been lawfully appropriated and were in the treasury or in the process of collection as required by ORC section 5705.41(D).

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. EQUITY IN POOLED CASH AND INVESTMENTS

The Cemetery maintains a cash and investment pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2001</u>	<u>2000</u>
Demand deposits	\$21,784	\$16,237
Certificates of deposit	77,383	74,531
Total deposits	\$99,167	\$90,768

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

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS employee members contributed 8.5% of their gross salaries. The Cemetery contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The Cemetery has paid all contributions required through December 31, 2001.

4. RISK MANAGEMENT

Commercial Insurance

The Cemetery has obtained commercial insurance for the following risks:

- Property Damage Liability
- Medical Payments
- Advertising Injury Liability
- Personal Injury Liability
- Business Personal Property and Personal Property of Others

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Shawnee Township Cemetery Association
Allen County
2785 South Dixie Highway
Lima, Ohio 45804

To the Board of Trustees:

We have audited the accompanying financial statements of the Shawnee Township Cemetery Association, Allen County, (the Cemetery), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 31, 2002. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-40202-001 through 2001-40202-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Cemetery in a separate letter dated May 31, 2002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 31, 2002.

Shawnee Township Cemetery Association
Allen County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

May 31, 2002

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40202-001

Certification of Available Revenue for Expenditures

Ohio Rev. Code Section 5705.36 requires that on or about the first day of each fiscal year the fiscal officer of a subdivision or other taxing unit is to certify to the county auditor the total amount from all sources which is available for expenditure along with any encumbered balances that existed at the end of the preceding year.

The total amount from all sources available for expenditure along with any encumbered balances was not certified to Shawnee Township to be included in their budgetary documents to be certified to the county auditor for 2001, or 2000.

The Cemetery should certify all sources available for expenditure to Shawnee Township for inclusion in the Township's budgetary documents, which are certified to the county auditor.

FINDING NUMBER 2001-40202-002

Appropriation Resolution

Ohio Rev. Code Section 5705.38, states that on or about the first day of each fiscal year, an appropriation measure is to be passed to act as a measuring tool for the expenditures of the entity.

An appropriation measure was not passed for 2001 or 2000.

Failure to adopt an appropriation measure could lead to expenditures being made that are not in line with the intent of the Trustees.

An appropriation measure should be adopted by the required date and filed with Shawnee Township, to be approved as part of their appropriations and filed with the county auditor.

FINDING NUMBER 2001-40202-003

Appropriations Limited By Estimated Resources

Ohio Rev. Code Section 5705.39 stipulates that the total appropriation should not exceed estimated resources. An appropriation measure is not effective until the county auditor files a certificate that the total appropriations do not exceed the official estimate.

The above mentioned certificate was not obtained for 2001 or 2000 due to no appropriation resolution was passed, nor was a certificate of estimated resources obtained.

Failure to limit appropriations by estimated resources could lead to deficit spending and ultimately a deficit fund balance.

The Cemetery should file their approved appropriation resolution with Shawnee Township for inclusion in the Township's budgetary documents, which are certified by the county auditor, in order to obtain the required certificate.

FINDING NUMBER 2001-40202-004

Expenditures Limited by Appropriations

Ohio Rev. Code Section 5705.41(B), states that no subdivision is to expend money unless it has been appropriated.

Appropriations were not adopted for either the 2001 or 2000 years.

Failure to adopt appropriations results in expenditures that are not considered legal, and could lead to expenditures being made that are not in line with the intent of the Trustees.

The Cemetery should only make expenditures based on the approved appropriations. An appropriation resolution should be passed every year, and when it appears expenditures will exceed the appropriated amount, amended or supplemental appropriations should be passed. This analysis should also encompass a comparison of actual available resources.

FINDING NUMBER 2001-40202-005

Prior Certification

Ohio Rev. Code Section 5705.41 (D), states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

An exception to this requirement provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that the certification is being completed, sufficient funds were available or were in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of the warrant ("then and now"). The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Proper certification was not obtained for the expenditure transactions of the Cemetery. In addition, there was no evidence of certification that funds were available at the time of making the obligation and at the time of payment ("then and now").

The lack of proper certification could result in the obligation of funds in excess of fund balances resulting in a deficit spending situation. Certification that funds are available should be obtained prior to purchasing goods and services to prevent possible overspending of resources and/or the obligation of amounts in excess of specific line item appropriations. Procedures should be established for obtaining certification prior to incurring an obligation, or for subsequent certification and approval as provided by the exception noted above.

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-40202-001	Maintenance of Records by the Cemetery Sexton	Yes	Work Orders are Being Maintained
1999-40202-002	Budgetary Requirements	No	Will Repeat
1999-40202-003	Separation of Duties	Yes	Secretary/ Treasurer maintains a listing of all revenue collected which is in agreement with the Sexton's records.



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SHAWNEE TOWNSHIP CEMETERY ASSOCIATION

ALLEN 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 2, 2002**