



**Auditor of State  
Betty Montgomery**



**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION  
ALLEN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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, 2003 and 2002. 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 balances and of the Cemetery as of December 31, 2003 and 2002, 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 April 6, 2004, 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 the 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".

**Betty Montgomery**  
Auditor of State

April 6, 2004

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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, 2003**

	<b>General</b>
<b>Cash Receipts:</b>	
Charges for Services	\$14,300
Sale of Lots	8,800
Interest	2,859
Miscellaneous	1,410
Total Cash Receipts	27,369
<b>Cash Disbursements:</b>	
Current:	
Salaries	13,127
Supplies	1,904
Equipment	2,242
Contracts - Services	3,606
Public Employees' Retirement	1,980
Medicare	216
Workers' Compensation	438
Miscellaneous	460
Total Cash Disbursements	23,973
Total Receipts Over/(Under) Disbursements	3,396
Fund Cash Balance, January 1	106,056
<b>Fund Cash Balance, December 31</b>	<b>\$109,452</b>

*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, 2002**

	<b>General</b>
<b>Cash Receipts:</b>	
Charges for Services	\$19,004
Sale of Lots	10,800
Interest	4,121
Total Cash Receipts	33,925
<b>Cash Disbursements:</b>	
Current:	
Salaries	11,523
Supplies	3,257
Equipment	1,129
Contracts - Services	4,472
Public Employees' Retirement	1,575
Medicare	176
Workers' Compensation	137
Miscellaneous	2,968
Capital Outlay	1,799
Total Cash Disbursements	27,036
Total Receipts Over/(Under) Disbursements	6,889
Fund Cash Balance, January 1	99,167
<b>Fund Cash Balance, December 31</b>	<b>\$106,056</b>

*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, 2003 AND 2002**

**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. This entity also provides funding, when necessary, to meet the Cemetery's operating costs under the agreement which established the Cemetery. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of cemetery 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.

**D. Fund Accounting**

The Cemetery uses fund accounting and 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 a Township Cemetery to prepare an annual budget for submission to Shawnee Township to be included as part of the Township budget.

**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 Cemetery annual appropriation measure as part of Shawnee Township's appropriations.

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 the Cemetery estimated resources as part of Shawnee Township's estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Cemetery to reserve (encumber) appropriations when individual commitments are made. The Cemetery did not encumber commitments as required by law.

For the years 2003 and 2002, an estimate of anticipated revenues and budgeted expenditures was not submitted to the affiliated township for inclusion in the Township budgetary process, nor were available revenues or appropriation measures submitted to the Township to be certified to the county auditor.

Also, based on the aforementioned deficiencies, the fiscal officer did not certify that the amount required for orders or contracts had been lawfully appropriated and was in the treasury or in the process of collection as required by Ohio Revised Code Section 5705.41 (D).

**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.

**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 was as follows:

	<b>2003</b>	<b>2002</b>
Demand deposits	\$ 22,740	\$ 24,794
Cerificates of Deposit	86,712	81,262
Total deposits	<u>\$ 109,452</u>	<u>\$ 106,056</u>

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

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. RETIREMENT SYSTEMS**

The Cemetery employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This 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. PERS members contributed 8.5 percent of their gross salaries. The Cemetery contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. The Cemetery has paid all contributions required through December 31, 2003.

**4. RISK MANAGEMENT**

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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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, 2003 and 2002, and have issued our report thereon dated April 6, 2004. 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 non-compliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 through 2003-005.

We also noted certain immaterial instances of non-compliance that we have reported to management of the Cemetery in a separate letter dated April 6, 2004.

**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 the management of the Cemetery in a separate letter dated April 6, 2004.

Shawnee Township Cemetery Association  
Allen County  
Independent Accountants' Report 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 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

April 6, 2004

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2003-001**

**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 are 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 the years 2003 or 2002.

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 2003-002**

**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 either the year 2003 or 2002.

Failure to adopt an appropriation measure could lead to expenditures that are not in line with the intent of the Trustees, nor legally authorized.

An appropriation measure should be adopted by the required date and filed with Shawnee Township for inclusion in the Township's budgetary documents, which are certified to the county auditor.

**FINDING NUMBER 2003-003**

**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.

For the years 2002 and 2003, a certificate of estimated resources was not obtained nor was an appropriation resolution passed; therefore the above mentioned certificate was not received.

The absence of filing the appropriate documents results in the expenditures of the Cemetery not being legally authorized. In addition, failure to limit appropriations by estimated resources could lead to deficit spending and ultimately a deficit fund balance.

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

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

**FINDING NUMBER 2003-004**

**Expenditures Limited by Appropriations**

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

Appropriation resolutions had not been adopted for either the year 2003 or 2002.

Failure to adopt appropriations could lead to expenditures being made that are not in line with the intent of the Trustees, nor legally authorized.

The Cemetery should limit expenditures based on approved appropriations. An appropriation resolution should be adopted for every year, and when it appears expenditures will exceed the appropriated amount, amended or supplemental appropriations should be passed along with an analysis of actual available resources.

**Finding Number 2003-005**

**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 basic 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 he is completing his certification, sufficient funds were available or 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 a 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 (\$3,000 effective April 7, 2003), 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.

The Cemetery did not obtain the required certification prior to the expenditure of Cemetery funds for 100 percent of the expenditures for both the years 2003 and 2002.

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. The exception, the "Then and Now" statement should be used when prior certification is not practicable.



**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION  
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-001 through 2001-005	Budgetary Requirements	No	Repeated as findings 2003-001 through 2003-005.





**Auditor of State  
Betty Montgomery**

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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  
JUNE 1, 2004**