



**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



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 45804-3716

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, 1999 and 1998. 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 generally accepted auditing standards 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 of the Cemetery as of December 31, 1999 and 1998, 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, 2000, 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.

This report is intended solely for the information and use of the management, the Board 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 31, 2000

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**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Type
	General
Cash Receipts:	
Charges for Services	\$14,546
Sale of Lots	7,600
Interest	4,776
Miscellaneous	404
	27,326
Cash Disbursements:	
Current:	
Salaries	8,139
Supplies	1,870
Contracts - Services	10,154
Public Employees' Retirement	1,908
Workers' Compensation	215
Miscellaneous	1,422
	23,708
Total Disbursements	23,708
Total Receipts Over/(Under) Disbursements	3,618
Fund Cash Balance January 1	101,463
Fund Cash Balance, December 31	\$105,081

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
CHANGES IN FUND CASH BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Type
	General
Cash Receipts:	
Charges for Services	\$17,685
Sale of Lots	11,800
Interest	4,795
Miscellaneous	2,348
Total Cash Receipts	36,628
Cash Disbursements:	
Current:	
Salaries	11,124
Supplies	1,374
Equipment	5,472
Contracts - Services	10,773
Public Employees' Retirement	2,528
Workers' Compensation	166
Miscellaneous	1,453
Capital Outlay	11,387
Total Disbursements	44,277
Total Receipts Over/(Under) Disbursements	(7,649)
Fund Cash Balance January 1	109,112
Fund Cash Balance, December 31	\$101,463

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, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Shawnee Township Cemetery Association, Allen County (the Cemetery) was 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 a three-member Board of Trustees appointed by the Shawnee Township Trustees. The Township provides funding, as necessary, to meet the Cemetery's operating costs. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

The Cemetery's management believes these financial statements present all activities for which the Cemetery is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. 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 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.

E. Budgetary Process

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

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (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 unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

The Shawnee Township Cemetery Association Board did not certify available revenue to the county auditor and did not pass an annual appropriation measure for fiscal years 1999 or 1998 as required by Ohio Revised Code (ORC) sections 5705.36 and 5705.38 respectively, or otherwise submit a estimate of anticipated revenues and budgeted expenditures to their affiliated township for inclusion in the Township budgetary process. Also, based upon 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 investments pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 23,081	\$ 29,463
Certificates of deposit	<u>82,000</u>	<u>72,000</u>
Total deposits	<u>\$ 105,081</u>	<u>\$ 101,463</u>

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are insured by the Federal Depository Insurance Corporation. At December 31, 1999 and December 31, 1998, \$5,081 and \$1,463 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

3. RETIREMENT SYSTEMS

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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Cemetery contributed an amount equal to 13.55% of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 1999.

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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**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 45804-3716

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, 1999 and 1998, and have issued our report thereon dated May 31, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 item 1999-40202-001 and 1999-40202-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Cemetery in a separate letter dated May 31, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cemetery's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Cemetery's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-40202-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, as item 1999-40202-003 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Cemetery in a separate letter dated May 31, 2000.

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



Jim Petro
Auditor of State

May 31, 2000

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	1999-40202-001
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Ohio Revised Code § 149.351(A) states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by the Revised Code. During 1999 and 1998, work orders were not retained for foundations ordered by the monument companies. There were no work orders or invoices to support revenues collected or not collected by the Cemetery Sexton.

The lack of supporting documentation could lead to errors or irregularities which remain undetected in the normal course of business.

The work orders issued by the monument companies should be retained and a copy given to the Clerk. If a monument company wishes to pay up front, the money should be given to the Clerk with a copy of the receipt issued to them. Also, if the monument dealer wishes to be billed for the foundations, duplicate invoices should be produced by the Sexton and one given to the Clerk to use as a monitoring control. One copy should be issued to the monument company and a copy maintained on file with the work orders attached. The monument companies should be instructed to remit all billings to the Clerk. This will help ensure that all money billed for the foundations is posted to the accounting records and is collected.

The Trustees should establish and adopt policies and procedures governing the records, billings and collections of the Cemetery. The procedures should outline how the books and records should be maintained and what records should be retained.

Finding Number	1999-40202-002
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Ohio Rev. Code § 5705.36 states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures along with any unencumbered balances that existed at the end of the preceding year. **Ohio Rev. Code § 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. **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 encumbrances.

The Shawnee Cemetery Association Board and management did not approve, certify, or otherwise maintain any documentation of anticipated receipts or expendable resources and budgeted expenditures for fiscal years 1999 and 1998.

**SHAWNEE TOWNSHIP CEMETERY ASSOCIATION
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 1999-40202-003	Reportable Condition
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The Cemetery Sexton is responsible for the record-keeping for the sale of lots and foundations, interment services (grave openings and closings), as well as cash collections from sales and services performed and custody of cash from these sales. When one person can perform two or more functions relating to the receipt or expenditure of monies, (physical custody, record keeping, deposit or check issuance, and reconciliations), he/she has the ability to perpetuate and conceal an error or irregularity.

In order to help ensure the safeguarding of assets and the integrity of financial information, selected management personnel should periodically review the job descriptions and duties of employees, define potential problem areas, and devise compensating controls for those areas with little or no segregation of duties. If the Cemetery Sexton initiates and maintains adequate records for the sale of lots and foundations and interment procedures, and all monies are paid to the Clerk-Treasurer, an independent reconciliation should be performed periodically to ensure the agreement of revenues to sales and services.



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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
AUGUST 1, 2000**