



**Auditor of State
Betty Montgomery**

**PLEASANT/DARBY UNION CEMETERY DISTRICT
MADISON COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Pleasant/Darby Union Cemetery District
Madison County
8095 Robinson Road
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant/Darby Union Cemetery District (the District) as of and for the years ended December 31, 2003, and December 31, 2002. These financial statements are the responsibility of the District'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 District 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 District as of December 31, 2003, and December 31, 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 June 18, 2004, on our consideration of the District'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.

Pleasant/Darby Union Cemetery District
Madison County
Independent Accountants' Report
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This report is intended solely for the information and use of 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". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 18, 2004

**PLEASANT/DARBY UNION CEMETERY DISTRICT
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental</u>	<u>Fiduciary Fund</u>	<u>Totals</u>
	<u>General</u>	<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$43,101	\$0	\$43,101
Intergovernmental	30,097	0	30,097
Charges for Services	30,866	0	30,866
Sale of Lots	12,424	0	12,424
Interest	4,591	1,075	5,666
Miscellaneous	1,825	0	1,825
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	122,904	1,075	123,979
Cash Disbursements:			
Current:			
Salaries	45,350	0	45,350
Supplies	6,719	0	6,719
Equipment	3,885	0	3,885
Contracts - Repair	1,086	0	1,086
Contracts - Services	65,837	0	65,837
Miscellaneous	40,709	0	40,709
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	163,586	0	163,586
Total Receipts Over/(Under) Disbursements	(40,682)	1,075	(39,607)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	180,321	35,616	215,937
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	<u>\$139,639</u>	<u>\$36,691</u>	<u>\$176,330</u>

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

**PLEASANT/DARBY UNION CEMETERY DISTRICT
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental</u>	<u>Fiduciary Funds</u>	<u>Totals</u>
	<u>General</u>	<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$42,816	\$0	\$42,816
Charges for Services	31,696	0	31,696
Sale of Lots	18,440	0	18,440
Interest	5,468	905	6,373
Miscellaneous	7,353	0	7,353
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	105,773	905	106,678
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries	61,312	0	61,312
Supplies	7,980	0	7,980
Equipment	2,726	0	2,726
Contracts - Repair	1,616	0	1,616
Contracts - Services	24,350	0	24,350
Miscellaneous	14,422	0	14,422
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	112,406	0	112,406
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(6,633)	905	(5,728)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	186,954	34,711	221,665
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$180,321</u>	<u>35,616</u>	<u>\$215,937</u>

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

**PLEASANT/DARBY UNION CEMETERY DISTRICT
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Pleasant/Darby Union Cemetery District, Madison County, (the District) formally known as Pleasant Township 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 District is directed by an appointed three-member Board of Trustees. One member of the Board is appointed by Darby Township, Pickaway County; one member by Pleasant Township, Madison County and the third member is appointed by the two members appointed by the member Townships. The Cemetery became its own taxing authority by vote of the people in 2001. The District receives tax monies from both Madison and Pickaway Counties. Pickaway County sends the District's tax monies to the Madison County Auditor for disbursement. The District provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

The District's management believes these financial statements present all activities for which the District 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. 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

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.

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Fiduciary Fund (Trust Fund)

This fund is used to account for resources restricted by a legally binding trust agreement.

**PLEASANT/DARBY UNION CEMETERY DISTRICT
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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 annually approves an appropriation measure and any subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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 requires the District to reserve (encumber) appropriations when commitments are made. The District did not use the encumbrance method of accounting.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

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

	2003	2002
Demand deposits	\$48,288	\$37,935
Certificates of deposit	128,042	178,002
Total deposits	\$176,330	\$215,937

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Cemetery.

**PLEASANT/DARBY UNION CEMETERY DISTRICT
MADISON COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,000	\$122,904	\$37,904
Fiduciary	1,350	1,075	(275)
Total	\$86,350	\$123,979	\$37,629

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$83,440	\$163,586	(\$80,146)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$81,000	\$105,773	\$24,773
Fiduciary	1,400	905	(495)
Total	\$82,400	\$106,678	\$24,278

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$88,500	\$112,406	(\$23,906)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$80,146 for the year ended December 31, 2003 and by \$23,906 for the year ended December 31, 2002. Also contrary to Ohio law, the District did not follow the encumbrance method of accounting.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

**PLEASANT/DARBY UNION CEMETERY DISTRICT
MADISON COUNTY**

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

4. PROPERTY TAX (Continued)

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

5. RETIREMENT SYSTEM

The District'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 2003 and 2002, PERS employee members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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



Auditor of State Betty Montgomery

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

Pleasant/Darby Union Cemetery District
Madison County
8095 Robinson Road
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Pleasant/Darby Union Cemetery District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated June 18, 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 District'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 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 18, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

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 District in a separate letter dated June 18, 2004.

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

June 18, 2004

**PLEASANT/DARBY UNION CEMETERY DISTRICT
MADISON COUNTY**

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

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) states, no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. The legal level of budgetary control for the District is the level at which the Board of Trustees adopts the original appropriation resolution.

At December 31, 2003, General fund expenditures exceeded appropriations at the legal level of control as follows:

Line Item	Appropriation Amount	Actual Expenditures	Variance
Supplies	\$6,500	\$6,719	\$(219)
Equipment	0	3,885	(3,885)
Contracts – Services	0	65,837	(65,837)
Miscellaneous	27,500	40,709	(13,209)

At December 31, 2002, General fund expenditures exceeded appropriations at the legal level of control as follows:

Line Item	Appropriation Amount	Actual Expenditures	Variance
Salaries	\$48,000	\$61,312	\$(13,312)
Supplies	6,500	7,980	(1,480)
Equipment	0	2,426	(2,426)
Contracts – Repairs	1,000	1,616	(616)
Contracts – Services	0	24,350	(24,350)

We recommend the District monitor its expenditures in respect to its appropriations.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure 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.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and "super blanket" certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**PLEASANT/DARBY UNION CEMETERY DISTRICT
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-002 (Continued)

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that 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 District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance 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 expenditure by the District.

2. Blanket Certificate - Fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. (Subsequent to September 26, 2003, blanket certificates are permitted only if the District has approved their use and subject to the maximum amount approved by the District. These certificates are no longer limited to three months)

3. Super Blanket Certificate – The District may make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year (or beyond the quarterly spending plan for counties) More than one so-called "super blanket" certificate may be outstanding at a particular time for any line-item appropriation.

The District did not certify the availability of funds prior to purchase commitment for all of the expenditure transactions and there was no evidence that the District followed the aforementioned exceptions. Failure to certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend that all monies be certified and encumbered via a purchase order, prior to purchasing goods and/or services. We also recommend District officials and staff understand the difference between regular certificates, blanket certificates, super-blanket certificates and then and now certificates and when to issue them.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

PLEASANT/DARBY UNION CEMETERY DISTRICT

MADISON 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
SEPTEMBER 14, 2004**