



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

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005-2004



Mary Taylor, CPA
Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental and Fiduciary Funds - For the Year Ended December 31, 2005.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental and Fiduciary Funds - For the Year Ended December 31, 2004.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13
Schedule of Prior Audit Findings	24

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your District to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 9, 2007

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pleasant/Darby Union Cemetery District
Madison County
8095 Robinson Road
Mt. Sterling, OH 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, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The District processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004.

While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the third following paragraph.

The District did not maintain adequate documentation for charges for services and sale of lots receipts collected in 2005 and 2004. Those financial activities represent \$42,805 (45%) and \$43,722 (48%) of receipts in the General fund for 2005 and 2004, respectively.

In our opinion, because of the effects of the matter discussed in paragraphs three through five above, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, except for the effects of such adjustments discussed in paragraph 6 above, if any, as might have been determined to be necessary had we been able to examine evidence and satisfy ourselves regarding charges for services and lot sales, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Pleasant/Darby Union Cemetery District, Madison County, as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2007, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

May 9, 2007

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL AND FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Trust Fund</u>	
Cash Receipts:			
Local Taxes	\$40,454	\$0	\$40,454
Intergovernmental	5,023	0	5,023
Charges for Services	32,885	0	32,885
Sale of Lots	9,920	0	9,920
Interest	2,008	1,077	3,085
Miscellaneous	2,191	0	2,191
	<u>92,481</u>	<u>1,077</u>	<u>93,558</u>
Cash Disbursements:			
Current:			
Salaries	59,436	0	59,436
Supplies	15,568	0	15,568
Equipment	7,954	0	7,954
Contracts - Services	36,317	0	36,317
Public Employees' Retirement	13,298	0	13,298
Workers' Compensation	2,937	0	2,937
Unemployment Compensation	100	0	100
Miscellaneous	3,697	0	3,697
	<u>139,307</u>	<u>0</u>	<u>139,307</u>
Total Receipts Over/(Under) Disbursements	<u>(46,826)</u>	<u>1,077</u>	<u>(45,749)</u>
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	4,363	0	4,363
	<u>4,363</u>	<u>0</u>	<u>4,363</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(42,463)	1,077	(41,386)
Fund Cash Balances, January 1	<u>109,053</u>	<u>37,478</u>	<u>146,531</u>
Fund Cash Balances, December 31	<u>\$66,590</u>	<u>\$38,555</u>	<u>\$105,145</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 FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Trust Fund</u>	
Cash Receipts:			
Local Taxes	\$40,056	\$0	\$40,056
Intergovernmental	4,763	0	4,763
Charges for Services	32,712	0	32,712
Sale of Lots	11,010	0	11,010
Interest	751	787	1,538
Miscellaneous	1,913	0	1,913
	<u>91,205</u>	<u>787</u>	<u>91,992</u>
Cash Disbursements:			
Current:			
Salaries	44,757	0	44,757
Supplies	16,025	0	16,025
Equipment	1,570	0	1,570
Contracts - Services	43,104	0	43,104
Public Employees' Retirement	10,458	0	10,458
Workers' Compensation	2,937	0	2,937
Miscellaneous	1,940	0	1,940
	<u>120,791</u>	<u>0</u>	<u>120,791</u>
Total Receipts Over/(Under) Disbursements	<u>(29,586)</u>	<u>787</u>	<u>(28,799)</u>
Other Financing Receipts/(Disbursements):			
Other Uses	<u>(1,000)</u>	<u>0</u>	<u>(1,000)</u>
Total Other Financing Receipts/(Disbursements)	<u>(1,000)</u>	<u>0</u>	<u>(1,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(30,586)	787	(29,799)
Fund Cash Balances, January 1	<u>139,639</u>	<u>36,691</u>	<u>176,330</u>
Fund Cash Balances, December 31	<u>\$109,053</u>	<u>\$37,478</u>	<u>\$146,531</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, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Pleasant/Darby Union Cemetery District, Madison County, (the District) as a body corporate and politic. 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 District 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis 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 Auditor of State prescribes or permits.

C. Cash and Investments

The District includes investments as assets. The District does not report purchases of investments as disbursements or investment sales as receipts. The District recognizes gains or losses at the time of sale as receipts or disbursements, respectively.

The Cemetery records certificates of deposit 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 presents 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.

The District did not maintain its accounting system and accounting records in accordance with Ohio Administrative Code 117-2-02(A).

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(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 object level of control. The Board annually approves appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

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 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The financial statements report acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The financial statements do not report these items as assets.

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:

	<u>2005</u>	<u>2004</u>
Demand deposits	\$19,394	\$19,099
Certificates of deposit	85,751	127,432
Total deposits	<u>\$105,145</u>	<u>\$146,531</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation. The District held Certificates of Deposit with a maturity date of more than one year, which is contradictory to Ohio Revised Code 135.13.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$88,144	\$96,844	\$8,700
Fiduciary (Trust Funds)	0	1,077	1,077
Total	\$88,144	\$97,921	\$9,777

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$139,307	(\$139,307)
Fiduciary (Trust Funds)	0	0	0
Total	\$0	\$139,307	(\$139,307)

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,798	\$91,205	(\$593)
Fiduciary (Trust Funds)	5,131	787	(4,344)
Total	\$96,929	\$91,992	(\$4,937)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$143,986	\$121,791	\$22,195
Fiduciary (Trust Funds)	0	0	0
Total	\$143,986	\$121,791	\$22,195

Contrary to Ohio Law, the District did not file an annual appropriation resolution for 2005 with the County Auditor, nor did the Board approve the resolution at an open meeting. Also, contrary to Ohio Law, budgetary expenditures exceeded appropriation authority in the General Fund in 2004 and 2005.

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. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays homestead and rollback amounts, reported 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. PROPERTY TAX (Continued)

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.

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

5. RETIREMENT SYSTEM

The Cemetery's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS employee members contributed 8.5 percent of their gross salaries. The District contributes an amount equal to 13.55 percent of participants' gross salaries. The District owed \$1,267.32 on its required contribution as of December 31, 2005.

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.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Trustees:

We have audited the financial statements of the Pleasant/Darby Union Cemetery District, Madison County, Ohio (the District) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 9, 2007, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and wherein we qualified our opinion for the years ended 2005 and 2004 due to insufficient documentation to support charges for services and sale of lots. We also noted the District uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the District because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. 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 the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-005 and 2005-010 through 2005-014.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses.

We consider reportable conditions 2005-005, and 2005-010 through 2005-014 listed above to be material weaknesses. In a separate letter to the District's management dated May 9, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District'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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-011. In a separate letter to the District's management dated May 9, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Board of Trustees. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 9, 2007

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

Finding Number	2005-001
-----------------------	-----------------

**Finding for Recovery Repaid Under Audit
Sale of Cemetery Lots**

The Superintendent's Report, dated September 29, 2005, which details receipts for lot sales and charges for services, showed that the Cemetery received \$1,351.82 during the two week period prior to September 29, 2005. The Clerk/Treasurer received this report, and acknowledged her receipt of the report by signing and dating the report, on September 28, 2005.

However, the Clerk/Treasurer deposited the \$1,351.82 into the Pleasant Township, Madison County bank account, an entity at which she is also the Clerk/Treasurer, instead of the Pleasant/Darby Union Cemetery District bank account.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies collected but unaccounted for would have been issued against Vickie Fryer, Clerk/ Treasurer, in favor of Pleasant/Darby Union Cemetery District's General Fund in the amount of \$1,351.82.

However, Pleasant Township repaid \$1,351.82 to the District on March 6, 2007. This payment was credited to the District's General Fund.

Officials Response:

Clerk/Trustee deposited money in the amount \$1,351.82 in error.

Finding Number	2005-002
-----------------------	-----------------

**Finding for Recovery
Unsupported expenditures**

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants and second, the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

\$7,513.05 of expenditures made during 2004 and 2005 lacked proper supporting documentation. The following chart details the expenditures by vendor and also indicates the payments that were for credit accounts.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-002 (Continued)
-----------------------	-----------------------------

**Finding for Recovery
Unsupported expenditures (Continued)**

The credit payments represent obligations entered into by various employees of the District that were applied to the credit accounts of the District. The Clerk/Treasurer paid the balance of the accounts when they were due. However, the specific transactions representing the balances of the accounts were not supported to ensure that the expenditures were for a proper public purpose.

<u>Vendor</u>	<u>Amount</u>	<u>Number of Payments</u>
Amerigas	788.90 **	1
Carter Lumber (Credit Account)	107.21 **	1
Carter Lumber (Credit Account)	1,156.58	8
Darby Township	125.00	1
Flowers by Ralph	383.10	1
Jack's Auto Parts (Credit Account)	208.12	3
Kmart (Credit Account)	105.96	1
Lowe's (Credit Account)	582.93	3
Rapp's True Value (Credit Account)	1,114.45	5
Reiterman Feed (Credit Account)	198.85	5
Southwestern Power Equipment (Credit Account)	62.80 **	1
Southwestern Power Equipment (Credit Account)	533.35	5
T&T Service (Credit Account)	553.48	4
Tractor Supply (Credit Account)	1,295.27	7
Wilson Tire (Credit Account)	254.00	2
Woodward Auto Parts (Credit Account)	43.05	1
	<u>\$7,513.05</u>	

The Clerk/Treasurer's Bond was for the period March 1, 2003 to March 1, 2004, and was not renewed during the audit period.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Vickie Fryer, Clerk/Treasurer, and Ohio Government Risk Management of Ohio, her bonding company, jointly and severally, in favor of Pleasant/Darby Union Cemetery District's General Fund in the amount of \$958.91. The expenditures made during the bonding period are identified with a "***" in the above chart.

Also, in accordance with the forgoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Vickie Fryer, Clerk/Treasurer, in favor of Pleasant/Darby Union Cemetery District's General Fund in the amount of \$6,554.14.

Officials Response:

Clerk/Treasurer will make every effort to insure proper supporting documentation is provided in the future.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-003
-----------------------	-----------------

**Finding for Recovery
Reimbursements**

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants and second, the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

Don Vulgamore, Sexton, received \$1,775.00, Robert Liff, Cemetery Worker, received \$423.55, and Roberta Vulgamore, Cemetery Office Assistant, received \$116.22 in reimbursements throughout 2004 and 2005. There was no supporting documentation for the reimbursements and there was no indication that the Board had approved the reimbursements.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the employees listed above, individually, for the corresponding dollar amounts, and Vickie Fryer, Clerk/Treasurer, jointly and severally, in favor of the Pleasant/Darby Union Cemetery District's General Fund.

Officials Response:

Clerk/Treasurer will make every effort to insure proper supporting documentation for reimbursements are included in the future.

Finding Number	2005-004
-----------------------	-----------------

Noncompliance Citation

Ohio Rev. 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.

Ohio Rev. Code Section 5705.38(A) requires that on or about the first day of each year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure.

In 2005, no evidence was presented that the annual appropriation measure was approved by the Board and the District did not file an annual appropriation measure with the County Auditor.

At December 31, 2005, General Fund expenditures exceed appropriations as follows:

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-004 (Continued)
-----------------------	-----------------------------

Noncompliance Citation (Continued)

All line items	Appropriation Amount	Actual Expenditures	Variance
General Fund	\$0	\$139,307	\$(139,307)

At December 31, 2004, General Fund expenditures exceed appropriations at the object level of control as follows:

Line Item	Appropriation Amount	Actual Expenditures	Variance
Contract Services	\$0	\$12,653	\$(12,653)
Supplies	0	15,555	(15,555)
Workers' Compensation	2,500	2,937	(437)

We recommend the District monitor its expenditures in respect to its appropriations and make the necessary amendments when deemed necessary. In addition, around the first day of each fiscal year, we recommend the District document approval of the appropriations by resolution, document this approval in the minutes and submit the annual appropriations to the County Auditor.

Officials Response:

The Board did adopt and submit their annual appropriations to the County Auditor.

Finding Number	2005-005
-----------------------	-----------------

Noncompliance Citation – Reportable Condition – Material Weakness

Ohio Rev. Code Section 5705.41(D)(1) states no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury of in the process of collecting to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

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, 2005 AND 2004
(Continued)**

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

Finding Number	2005-005 (Continued)
-----------------------	-----------------------------

Noncompliance Citation – Reportable Condition – Material Weakness (Continued)

“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 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 expenditures by the District.

Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not 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.

Super Blanket Certificate – The District may make expenditure 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. 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 any of its expenditure transactions during 2005 and 2004 and there was no evidence that the District followed the aforementioned exceptions.

Certification is not only required by Ohio law but is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of District funds being over expended or exceeding budgetary spending limitations as set by the Board. To improve controls over disbursements, we recommend all District disbursements receive prior certification by the Clerk/Treasurer and the Board periodically review the expenditures made to ensure they are within the appropriations adopted by the Board, certified by the Clerk/Treasurer and recorded against appropriations. The Clerk/Treasurer should deny payment requests that do not have prior certification.

Officials Response:

Will take into consideration.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-006
-----------------------	-----------------

Noncompliance Citation

Ohio Rev. Code Section 135.13 requires interim deposits to be evidenced by time certificate of deposits maturing not more than one year from the date of deposit or by savings or deposit accounts, including, but not limited to, pass book accounts.

During 2005 and 2004, the District had the following certificates of deposit that had maturity dates longer than one year.

<u>2005</u>				
<u>Certificate of Deposit</u>	<u>Amount of CD</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	
First National CD	\$ 50,326	03/01/05	04/01/06	
Bank One CD	24,225	09/21/01	03/21/08	
Bank One CD	5,000	08/03/00	11/17/06	
Bank One CD	4,200	02/08/92	02/08/12	
Bank One CD	1,000	10/01/92	10/01/07	
Bank One CD	1,000	06/05/95	06/15/10	

<u>2004</u>				
<u>Certificate of Deposit</u>	<u>Amount of CD</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	
Bank One CD	\$ 50,000	09/21/01	03/21/08	
First National CD	49,182	02/01/04	03/01/05	
Bank One CD	5,000	08/03/00	11/17/06	
Bank One CD	4,200	02/08/92	02/08/12	
Bank One CD	1,000	10/01/92	10/01/07	
Bank One CD	1,000	06/15/95	06/15/10	

We recommend that before purchasing a Certificate of Deposit, the District should review the Revised Code requirements relating to interim deposits.

Officials Response:

Will take recommendation under consideration.

Finding Number	2005-007
-----------------------	-----------------

Noncompliance Citation

Ohio Rev. Code Section 9.38 states that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day of the week following the date of collection.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-007 (Continued)
-----------------------	-----------------------------

Noncompliance Citation (Continued)

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

During 2005, 89% of receipts collected by the Sexton were not deposited by the business day following the receipt. These receipts, totaling \$69,854, were held an average of 8 days with the longest being held 61 days.

During 2004, 76% of receipts collected by the Sexton were not deposited by the business day following the receipt. These receipts, totaling \$69,074, were held an average of 8 days before deposit with the longest being held 118 days.

The District has no policy regarding deposit of receipts. We recommend that receipts received by the Sexton be deposited with the Clerk/Treasurer no later than the business day following the day of the receipt. We also recommend that any receipts received by the Clerk/Treasurer be promptly deposited with the bank. If daily receipts do not exceed \$1,000, and the Board decides to implement a policy permitting officials to hold receipts past the next business day, we recommend the policy include the necessary provisions and procedures to ensure monies are safeguarded during the intervening period.

Officials Response:

Will take this measure into consideration.

Finding Number	2005-008
-----------------------	-----------------

Noncompliance Citation

Ohio Rev. Code Section 121.22 requires the minutes of a regular or special meeting of any public body to be promptly prepared, filed, and maintained and open to public inspection.

Minutes were not presented for January, February, March, May, June, July, August, and November 2004 as well as February and November 2005. This could result in formal actions that were passed during Board meetings not being properly documented and enacted.

We recommend that minutes are promptly prepared after each monthly Board meeting and that they are available for public inspection. The minutes should, at a minimum, document any formal actions of the Board.

Officials Response:

Will take into consideration.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-009
-----------------------	-----------------

Noncompliance Citation

Ohio Rev. Code Section 759.36 requires the Clerk/Treasurer to be bonded in an amount equal to or greater than the amount in the fund, but not less than one thousand dollars. Based on the Revised Code section, the Clerk/Treasurer of the District should be bonded for no less than \$176,330, which was the fund balances in the District's 2003 audit.

Through March 1, 2004, the Clerk/Treasurer was bonded for \$10,000. From March 1, 2004, through December 31, 2005, the Clerk/Treasurer was not bonded.

We recommend that the District review the bonding requirements in the Revised Code and obtain the proper bonding for the Clerk/Treasurer.

Officials Response:

Was not aware the clerk/treasurer needed to be bonded and will take the recommendation under consideration.

Finding Number	2005-010
-----------------------	-----------------

Noncompliance Citation – Reportable Condition – Material Weakness

Ohio Rev. Code Section 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 law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Revised Code or under the records programs established by the boards of trustees of state-supported institutions of higher education.

55% of fiscal year 2004 expenditures tested and 56% of fiscal year 2005 expenditures tested were not supported by original documentation. These expenditures represented \$39,324.24 and \$33,044.54, respectively. Although some of the recurring expenditures were subsequently determined to be for a proper public purpose, Findings for Recovery were issued as a result of not maintaining proper documentation for expenditures in Finding Number 2005-002.

We recommend that original detailed support be maintained by the Clerk/Treasurer for all expenditures. No payment should be made without the proper supporting documentation. Invoices for credit card bills or credit account bills that do not detail the items purchased are not considered proper support. The original invoices should be attached to the check stub and filed in an organized manner.

Officials Response:

Will take the recommendation under consideration and make sure all records will be organized in the future.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-011
-----------------------	-----------------

Noncompliance Citation - Reportable Condition – Material Weakness

Ohio Administrative Code Rule 117-2-02(A) requires all local public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The District failed to maintain proper accounting records such as asset accountability records, a cash journal for the period January 1, 2004 to September 30, 2004, balanced cash reconciliations, and support for expenditures.

Receipts and expenditures transactions were posted at the end of the month, rather than when the transactions occurred. Fourteen receipts and twenty-eight expenditures were not posted to the ledgers. These conditions led to material posting errors in every receipt and disbursement account during the audit period.

The District does not maintain or issue pre-numbered deeds in sequential order for lot sales. The deeds issued by the District were manually numbered which led to gaps in the sequence of the deed numbers and deeds with identical deed numbers. The number of deeds sold could not be determined due to the condition of these records and this resulted in a qualified opinion.

The District does not maintain copies of receipts for burial fees, lot sales, and sod fees. The completeness of charges for services could not be determined due to the condition of these records and this resulted in a qualified opinion.

The condition of the records at the District resulted in material weaknesses and qualifications of the financial statements. When records are not properly maintained, fraud, abuse or misappropriation of assets can occur and go undetected by management.

Officials Responses:

The board will take the recommendation into consideration.

Finding Number	2005-012
-----------------------	-----------------

Reportable Condition – Material Weakness

Monitoring District Financial Activity

The small size of the District's staff does not allow for adequate segregation of duties. The Clerk/Treasurer must perform all accounting functions. It is therefore important that the Trustees monitor financial activity closely. The Trustees should review monthly bank reconciliations, transaction detail reports printed from the UAN system for receipts and disbursements, budget to actual reports, and year-to-date financial reports. This review should be appropriately documented in the minutes.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-012 (Continued)
-----------------------	-----------------------------

Reportable Condition – Material Weakness (Continued)

Monitoring District Financial Activity (Continued)

Monitoring comprises regular management activities established to oversee whether management’s financial objectives are being achieved. Data from such reports may indirectly provide assurance as to the reliability of financial reporting information if it conforms with the users’ expectations.

The District Trustees reviewed a list of expenditures that included the vendor name and the amount of the expenditure. However, this list did not include check numbers or dates and the list was not compared to bank statements, reconciliations, or system generated financial reports for accuracy. Lack of effective legislative monitoring contributed to the following circumstances occurring and going undetected by District management:

- Posting errors to receipt and expenditure accounts
- Bank reconciliations not being properly and timely prepared
- Reimbursements to employees without supporting documentation
- Expenditures exceeding appropriations
- Cash receipts of the District being deposited into another entity’s bank account

We recommend that the Trustees request monthly bank reconciliations, bank statements, and reports printed from the UAN System monthly. These reports should be reviewed by the Trustees and appropriate follow-up should be made regarding any unusual balances or transactions.

Officials Response:

The board will take this recommendation into consideration.

Finding Number	2005-013
-----------------------	-----------------

Bank Reconciliations –Reportable Condition – Material Weakness

The Clerk/Treasurer of the District should perform a monthly bank to book reconciliation. These reconciliations should agree bank balances to cash fund balances of the District along with any reconciling items, such as canceled checks or deposits in transit. All reconciling items should be listed on the reconciliation in detail.

During the audit period, the Clerk/Treasurer did not prepare monthly bank to book reconciliations. This led to large reconciling factors at the end of 2004 and 2005 that could not be explained by the Clerk/Treasurer. While our testing revealed the causes of these reconciling factors, these errors could have been identified if the Clerk/Treasurer had been performing reconciliations monthly.

We recommend that the Clerk/Treasurer perform monthly bank to book reconciliations. Also, the Board of Trustees should review these reconciliations at the monthly meetings to ensure their completeness and accuracy. Any unusual reconciling items should be identified and resolved.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-013 (Continued)
-----------------------	-----------------------------

Bank Reconciliations –Reportable Condition – Material Weakness

Officials Response:

Will take the recommendation under consideration.

Finding Number	2005-014
-----------------------	-----------------

Authorization of Payments - Reportable Condition – Material Weakness

The Trustees should not pre-sign checks or authorize payment for items or services until they have reviewed the related invoices and other supporting documentation related to the purchase.

Stacks of pre-signed checks were included in other documents provided for audit. This could lead to the misappropriation or theft of District assets and demonstrates that internal controls over disbursements are not in place at the District.

We recommend that prior to signing checks, the Trustees review invoices and other support in order to assure that the expenditure they are authorizing is for a proper public purpose and is going to benefit the District. In no circumstances should checks be pre-signed. In addition, the Trustees should adopt a written policy that addresses appropriate controls over disbursements.

Officials Response:

Will take this recommendation under consideration.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	ORC Section 5705.41(B), Expenditures exceed appropriations	No	Not Corrected – Repeated as Finding Number 2005-004
2003-002	ORC Section 5705.41(D)(1), Not certifying/ using Purchase Orders	No	Not Corrected – Repeated as Finding Number 2005-005



Mary Taylor, CPA
Auditor of State

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
AUGUST 16, 2007