



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

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

ACCOUNTANTS' REPORT

Pleasant - Darby Union Cemetery District
Madison County
8095 Robinson Rd
Mt. Sterling, OH 43143

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files, and reports of the Pleasant - Darby Union Cemetery District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2008, 2007, and 2006 following Ohio Admin. Code Section 117-4-02.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

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 Section 117.26, Ohio Rev. Code, and is not intended to be and should not be used by anyone other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 30, 2009

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL AND TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Trust Fund	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$ 46,719	\$ -	\$ 46,719
Intergovernmental	2,933	-	2,933
Sale of Lots	81,528	-	81,528
Interest	689	261	950
Miscellaneous	1,463	-	1,463
	133,332	261	133,593
Cash Disbursements:			
Current:			
Salaries	61,083	-	61,083
Supplies	3,838	-	3,838
Equipment	6,589	-	6,589
Contracts - Services	19,332	-	19,332
Public Employees' Retirement	10,677	-	10,677
Workers' Compensation	1,869	-	1,869
	103,388	-	103,388
Total Receipts Over Disbursements	29,944	261	30,205
Fund Cash Balances, January 1	2,640	38,555	41,195
Fund Cash Balances, December 31	\$ 32,584	\$ 38,816	\$ 71,400

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
GENERAL AND TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Trust Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$ 41,664	\$ -	\$ 41,664
Intergovernmental	3,867	-	3,867
Sale of Lots	53,733	-	53,733
Interest	2,060	-	2,060
Miscellaneous	4,740	-	4,740
	<u>106,064</u>	<u>-</u>	<u>106,064</u>
Cash Disbursements:			
Current:			
Salaries	73,846	-	73,846
Supplies	1,558	-	1,558
Equipment	10,216	-	10,216
Contracts - Services	30,559	-	30,559
Public Employees' Retirement	6,343	-	6,343
Workers' Compensation	715	-	715
Miscellaneous	2,251	-	2,251
	<u>125,488</u>	<u>-</u>	<u>125,488</u>
Total Receipts (Under) Disbursements	<u>(19,424)</u>	<u>-</u>	<u>(19,424)</u>
Other Financing Uses	91	-	91
	<u>91</u>	<u>-</u>	<u>91</u>
Total Other Financing Disbursements	<u>91</u>	<u>-</u>	<u>91</u>
Deficiency in Cash Receipts Under Cash Disbursements and Other Financing Uses	(19,515)	-	(19,515)
Fund Cash Balances, January 1	<u>22,155</u>	<u>38,555</u>	<u>60,710</u>
Fund Cash Balances, December 31	<u>\$ 2,640</u>	<u>\$ 38,555</u>	<u>\$ 41,195</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
GENERAL AND TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Trust Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$ 21,424	\$ -	\$ 21,424
Intergovernmental	24,816	-	24,816
Charges for Services	120	-	120
Sale of Lots	55,138	-	55,138
Licenses and Permits	19	-	19
Interest	1,491	-	1,491
Miscellaneous	4,346	-	4,346
Total Cash Receipts	<u>107,354</u>	<u>-</u>	<u>107,354</u>
Cash Disbursements:			
Current:			
Salaries	96,815	-	96,815
Supplies	1,468	-	1,468
Equipment	16,283	-	16,283
Contracts - Services	12,077	-	12,077
Public Employees' Retirement	8,289	-	8,289
Workers' Compensation	2,510	-	2,510
Miscellaneous	1,924	-	1,924
Capital Outlay	12,423	-	12,423
Total Disbursements	<u>151,789</u>	<u>-</u>	<u>151,789</u>
Total Receipts (Under) Disbursements	(44,435)	-	(44,435)
Fund Cash Balances, January 1	<u>66,590</u>	<u>38,555</u>	<u>105,145</u>
Fund Cash Balances, December 31	<u>\$ 22,155</u>	<u>\$ 38,555</u>	<u>\$ 60,710</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008, 2007 AND 2006**

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, Ohio (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. These entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The accompanying financial statements present this funding as Taxes Receipts. The Cemetery 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. Accounting Basis

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 District 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 Funds)

This fund account for resources restricted by legally binding trust agreements.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires the Board to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. 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 Cemetery did not use the encumbrance method of accounting.

A summary of 2008, 2007 and 2006 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

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

	2008	2007	2006
Demand deposits	\$34,770	\$5,750	\$6,714
Certificates of deposit	36,630	35,467	55,649
Total deposits	71,400	41,195	60,710

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, 2008, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008, 2007 and 2006 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$115,457	\$133,332	\$17,875
Trust	0	261	261
Total	\$115,457	\$133,593	\$18,136

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$118,680	\$103,388	\$15,292
Trust	0	0	0
Total	\$118,680	\$103,388	\$15,292

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$137,736	\$106,064	(\$31,672)
Trust	0	0	0
Total	\$137,736	\$106,064	(\$31,672)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$118,680	\$125,579	(\$6,899)
Trust	0	0	0
Total	\$118,680	\$125,579	(\$6,899)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$116,945	\$107,354	(\$9,591)
Trust	0	0	0
Total	\$116,945	\$107,354	(\$9,591)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$188,560	\$151,789	\$36,771
Trust	0	0	0
Total	\$188,560	\$151,789	\$36,771

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio Law, budgetary expenditures exceeded appropriation authority in the General Fund in 2007 and 2006 for the following objects: Other Salaries, OPERS, Workers Comp, Repairs and Maintenance, Telephone, Advertising, Other Utilities, and Equipment.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding from 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 payment, 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. In prior years, tangible personal property assessments were 25% of true value. The tangible personal property tax is being phased out – the assessed percentage for all property including inventory for 2007 is 12.5%. This will be reduced to 6.25% for 2008 and zero for 2009.

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

5. RETIREMENT SYSTEMS

The District'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 2008, 2007 and 2006, OPERS employee members contributed 10.0, 9.50 and 9.00 percent, respectively, of their gross salaries. The District contributes an amount equal to 14.0, 13.85 and 13.70 percent, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2008.

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

ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Pleasant - Darby Union Cemetery District
Madison County
8095 Robinson Road
Mt. Sterling, OH 43143-9428

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files, and reports of the Pleasant – Darby Union Cemetery District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2008, 2007 and 2006, following Ohio Admin. Code Section 117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

Internal Control over Financial Reporting

During our procedures related to the internal control over financial reporting we noted matters 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. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the accompanying Schedule of Findings as items 2008-001 through 2008-008.

Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contract, and grant agreements, applicable to the District. Noncompliance with these requirements could impact the District's ability to determine financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying Schedule of Findings as items 2008-009 through 2008-019.

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 Section 117.26, Ohio Rev. Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

June 30, 2009

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

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

FINDING NUMBER 2008-001

Formal Bank Reconciliations

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.

The Clerk/Treasurer did not prepare any monthly bank to book reconciliations for the 36 month audit period. This weakness resulted in adjustments to the financial statements ranging from \$9,400 to \$200 that were either unsupported or could not be explained..

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

FINDING NUMBER 2008-002

Pre-signed Checks

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

The Trustees pre-sign checks each month for the Clerk to issue payments. Although the Trustees review payments from the pre-signed check at the subsequent Trustee meeting, this process could lead to over spending and expenditures that are not for proper public purpose.

We recommend pre-signing of checks be discontinued. We further recommend the Trustees review invoices and other support documentation before signing checks to help to assure that the expenditure they are authorizing is for a proper public purpose and for the benefit of the District.

FINDING NUMBER 2008-003

Monitoring District Financial Activity and Reporting

The small size of the District's staff does not allow for adequate segregation of duties. The Clerk performs all accounting functions and prepares the financial reports from the District's Uniform Accounting Network (UAN). It is therefore important that the Board of Trustees monitor financial activity and reporting closely.

There was no indication the Board of Trustees were reviewing detailed financial activity. This activity would include detailed transactions for receipts and disbursements, budget to actual reports, and year-to-date financial reports from the District's UAN system. Further, there was no indication the Board of Trustees were reviewing financial reports submitted to the Auditor of State. There were unrecorded disbursements and receipts along with receipts not properly classified to required revenue functions for taxes, intergovernmental, sale of lots, and charges for services.

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

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING NUMBER 2008-003 (Continued)

Monitoring District Financial Activity and Reporting (Continued)

We recommend the Board of Trustees monitor monthly financial activity. We also recommend the Board of Trustees review the year-end reports generated from the UAN reports system and compare to financial statements submitted for review. Any unusual transactions or financial reporting should have the appropriate follow-up and/or adjustments.

FINDING NUMBER 2008-004

Audit Committee

The District has not established an audit committee. The National Commission on Fraudulent Financial Reporting (known as the Treadway Commission), has stated that an audit committee can serve as “informed, vigilant, and effective overseers of the financial reporting process and internal controls.” An audit committee should be actively involved in:

- Meeting with the District’s independent auditors before and after each audit;
- Monitoring the progress of the financial and compliance audit;
- Evaluating the results of the financial and compliance audit; and
- Ensuring that the internal control and legal compliance issues identified in the audit are promptly and effectively remedied.

In addition, the audit committee should meet regularly (perhaps quarterly) to monitor the District’s legal compliance, financial condition, and controls over the safeguarding of assets.

The audit committee can include members of the Board of Trustees. However, it should also include representation that is independent from officials or management. The committee could include professionals knowledgeable in the District’s financial operations, such as attorneys or bankers.

We recommend the District establish an audit committee.

FINDING NUMBER 2008-005

Trust Fund

The District carries certificates of deposit for an designated trust. The certificates of deposit is long standing and the District maintains a balance in the trust fund. There has been no expenditure activity from the trust fund in the last several years.

We recommend the District’s management research any historical records that will aid in the proper designation of the apparent trust.

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

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING NUMBER 2008-006

Allocation of Interest

Subdivisions that pool all monies and investments into an investment pool should develop a method for allocating interest earned on those accounts among all funds in the pool.

The District has purchased Certificates of Deposit in the past that are not specifically identifiable to separate funds, making them part of an investment pool. The District has posted the interest earned on these investments only to the General Fund.

We recommend the District determine the best way to allocate interest earned on the investment pool and allocate this revenue among general and trust funds.

FINDING NUMBER 2008-007

Delinquent Payments/Late Fees

Governments should record and pay invoices in a timely manner. This allows accounts to stay current, operations to continue, and avoid any late fees.

The District incurred late fees and penalties ranging from \$10 to 39 or not paying invoices in a timely manner.

We recommend the District promptly record and pay invoices as they are received. This will help prevent the District from incurring unnecessary expenditures.

FINDING NUMBER 2008-008

Credit Card/Credit Account Policy

The District has a credit account with different vendors for supplies incidental to the operations of the Cemetery.

There is no policy established regarding the reimbursement of credit card and purchase card transactions. The absence of sufficient policies and monitoring of this activity increases the risk of improper and/or unauthorized expenditures that do not further the public purpose of the District.

To strengthen internal controls over these types of purchases, we recommend that the District adopt formal policies and procedures the use of District credit and store purchase cards should be created. The resolution should define the following:

1. Authorized users.
2. Limits on the total dollar amount each cardholder can spend on any one purchase.
3. The credit card should only be used for official District business and the disciplinary action to be taken in the instances in which the credit card is utilized for personal expenditures. The District should consider defining the types of vendors or merchants from which purchases can be made from.
4. Expenditures that are strictly prohibited (e.g. entertainment, alcoholic beverages, medical drugs, personal services, cash advances, etc.)

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

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING NUMBER 2008-008 (Continued)

Credit Card/Credit Account Policy (Continued)

5. The key documents to be maintained by the credit card user in order to ensure an audit trail of all District expenditures are maintained.

FINDING NUMBER 2008-009

Maintenance of Records for Completeness

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 (and liabilities, if generally accepted accounting principles apply), document compliance with finance related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Ohio Administrative Code Rule 117-2-02(B) requires the management of each local public office to be responsible for the assertions underlying the information in the public office's financial statements. The accounting system should assure that the following five assertions are achieved for all transaction types and account balances applicable to the local public office's operations, considering the basis of accounting applicable to it:

- **Existence/Occurrence** – That recorded assets exist as of fiscal year end, recorded transactions have occurred and are not fictitious.
- **Completeness** – That all account balances and transactions that should be included in the financial records are included.
- **Presentation and Disclosure** – That financial statement elements are properly classified and described and appropriate disclosures are made as required by generally accepted accounting principles, or as prescribed by the auditor of state for entities that do not follow generally accepted accounting principles.

The District failed to maintain proper accounting records to support all of the management assertions for which management is responsible for.

The District does not require part-time employees to have supervisors sign off to approve hours worked. This resulted in the management assertion, existence/occurrence, to not be properly supported for payroll disbursements.

The Clerk does not post receipts or expenditures in a timely fashion. Receipts and expenditures posted near year-end were not posted in the correct year.

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

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING NUMBER 2008-009 (Continued)

Maintenance of Records for Completeness

The District did not issue pre-numbered deeds in sequential order for lot sales. There were gaps in the sequence of the deed numbers and some of the deeds had identical deed numbers.

The District also did not issue pre-numbered duplicate receipts for burial fees and other charges for services. We could not determine that the records agree with the charges for services shown on the financial statements.

We recommend that the District ensure deeds are issued in numerical order and that each deed has a different number. We further recommend that the District use pre-numbered receipts and maintain duplicate receipts for burial fees and other fees received by the Cemetery Sexton.

FINDING NUMBER 2008-010

Unsupported Expenditures

State ex rel. McClure v. Hagerman (1951), 155 Ohio St. 320, provides that expenditures made by a governmental entity 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, 1982 Op. Att’y Gen. No. 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 of Ohio Bulletin 2003-005 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. Additionally, the Bulletin indicates that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The District made expenditures that were not supported by the original supporting documentation and there was no indication that the Board had approved the initial reimbursements to employees for expenses incurred. Although secondary corroboration was used to determine the expenditures were for proper public purpose, not maintaining support for initial expenditures including reimbursements could result in unauthorized or inappropriate expenditures. This weakness also enhanced the difficulties in determining proper posting.

We recommend the District maintain all support documentation for expenditures. We further recommend any expenditure for employee reimbursement are approved by the Board. The information on the invoice should be corroborated and deemed legitimate before any check is issued.

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

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING NUMBER 2008-011

Purchase Orders

Ohio Revised Code Section 5705.41(D) 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 state 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.

"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 expenditure by the District.

"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.

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 issued "Super Blanket Certificates" for all of its expenditures. Super blanket certificates are usually issued to expenditures that are recurring in nature and for expenditure that are reasonably predictable in nature.

We recommend that the District use proper documentation to certify the availability of funds prior to purchasing goods and/or services. We also recommend that District officials and staff understand the difference between regular certificates, blanket certificates, super-blanket certificates and then and now certificates and when to utilize each.

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

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING NUMBER 2008-012

Deposits of Public Monies

Ohio Revised 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 next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited.

All receipts for sale of lots for audit period were held from seven to fourteen days prior to being deposited into the District's bank account.

We recommend any receipts received by the Sexton be deposited with the Clerk the business day following the day of the receipt. Also, if daily receipts do not exceed \$1,000, we recommend the District establish a policy that should include the necessary provisions and procedures to ensure monies are safeguarded during the intervening period, prior to deposit with the Clerk.

FINDING NUMBER 2008-013

Certificates of Deposit

Ohio Revised 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.

District had the following certificates of deposit that had maturity dates longer than one year. Any Certificate of Deposit with a maturity date longer than one year from fiscal year end will be considered to be in noncompliance.

2008and 2007 (Held for entire year)

Bank One CD	\$1,000	Matures on 06/15/10
Bank One CD	\$4,200	Matures on 02/08/12

2006 (Held for entire year)

Bank One CD	\$1,000	Matures on 10/01/07
Bank One CD	\$1,000	Matures on 06/15/10
Bank One CD	\$4,200	Matures on 02/08/12
Bank One CD	\$24,225	Matures on 03/21/08

We recommend that before purchasing a Certificate of Deposit, the District review the revised code requirements relating to interim deposits. Specifically, the District should not purchase any Certificate of Deposit that has a maturity of longer than one year.

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

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING NUMBER 2008-014

Minutes

White v. Clinton Cty. Bd. of Commrs' (1996), 76 Ohio St.3d 416, Ohio Rev. Code Sections 121.22, and 149.43, when read together, impose a duty on the District to maintain a full and accurate record of their proceedings. Minutes of meetings must be promptly recorded and open for public inspection per *State, ex rel. Fairfield Leader v. Ricketts* (1990), 56 Ohio St.3d 97

Minutes were requested for all monthly meetings by the Board of Trustees. The minutes received were vague and formal actions not clearly outlined. This demonstrates that the minutes are not being prepared in a timely fashion and some minutes are not being maintained. This could result in formal actions that were passed during Board meetings not being properly documented.

We recommend that detailed minutes be prepared and available for public inspection by the end of the week of each monthly Board meeting. The minutes should at a minimum document any formal actions of the Board, especially any resolutions or ordinances that are passed.

FINDING NUMBER 2008-015

Leave Records

Ohio Administrative Code Section 117-2-02(D)(4)(a)(v) requires all local public offices to maintain or provide a report similar to accounting records, including information, by employee, regarding leave balances and usage.

According to the Clerk, there are employees at the District that earn and use vacation leave during the year. There are no leave records or approval of leave maintained by the District to support this activity. This could result in the employees taking time off for which they have no leave available.

We recommend that the District establish a leave policy and maintain records required by the Administrative Code.

FINDING NUMBER 2008-016

Capital Asset Records

Ohio Administrative Code Sections 117-2-02(D)(4)(c) & (E) require all local public offices to maintain capital asset records including such information as the original cost, acquisition date, voucher number, asset type, asset description, location, and tag number. Each local public office should establish a capitalization threshold so that, unless the local public office establishes a capitalization threshold for any individual item of \$5,000 or more, at a minimum, eighty per cent of the local public office's non-infrastructure assets are identified, classified, and recorded on the local public office's financial records.

The District does not maintain an official capital asset record.

The District should maintain a capital asset inventory that would include such items as: trucks, mowers, sod cutters, etc.

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

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING NUMBER 2008-017

Expenditures Exceed Appropriations

Ohio Revised Code Section 5705.41(B) states that, 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, 2008, the General Fund expenditures exceeded appropriations at the legal level of control as follows:

Object	Apropriated	Expended	Variance
Other Salaries	\$ 40,000	\$ 41,450	\$ (1,450)
Auditing Services	-	1,200	(1,200)
Other Utilities	4,000	5,149	(1,149)
Office Supplies	1,000	2,218	(1,218)
Equipment	1,500	4,960	(3,460)

At December 31, 2007, the General Fund expenditures exceeded appropriations at the legal level of control as follows:

Object	Apropriated	Expended	Variance
Other Salaries	\$ 26,000	\$ 44,838	\$ (18,838)
Health Insurance	16,000	21,722	(5,722)
Auditing Services	-	12,541	(12,541)
Election Expenses	-	19	(19)
Other Utilities	4,000	5,634	(1,634)
Other Financing Uses	-	91	(91)

At December 31, 2006, the General Fund expenditures exceeded appropriations at the legal level of control as follows:

Object	Appropriated	Expended	Variance
Other Salaries	\$ 45,120	\$ 55,936	\$ (10,816)
OPERS	7,500	8,289	(789)
Workers Comp	2,500	2,510	(10)
Repairs and Maint.	10,000	15,059	(5,059)
Telephone	250	908	(658)
Advertising	100	140	(40)
Other Utilities	3,000	4,280	(1,280)
Equipment	-	12,423	(12,423)

We recommend the District monitor its expenditures in respect to its appropriations. If an appropriation amendment is required, seek the necessary approval from the Trustees..

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

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

FINDING NUMBER 2008-018

Employee Masterfile

Ohio Administrative Code Section 117-2-02(D)(4)(a) requires governments to maintain specific payroll records including W-2s, W-4s, and other withholding records and authorizations. Maintaining these payroll records contribute to the authorization and completeness of payroll records and processing.

None of the full-time or part-time employees had a complete masterfile or personnel file. This can lead to unauthorized payroll payments to be made to non-employees or incorrect deductions withheld from employee paychecks.

We recommend the District bring all employee personnel files up to date with the proper payroll withholding forms and authorization. In addition we recommend the District, on a periodic basis, have all employees fill out and update payroll withholding information to ensure the most accurate and updated information is inputted into the computer.

FINDING NUMBER 2008-019

Inadequate Cash Flow Planning

Ohio Revised Code Section 135.14(F) states that no treasurer or governing board shall make an investment under this section, unless the treasurer or governing board, at the time of making the investment, reasonably expects that the investment can be held until its maturity. This means when an investment is made it should be evaluated whether or not the government will need the money prior to the maturity of the investment.

The District cashed in certificates of deposit prior to their maturity date. By cashing in CDs early the District demonstrated a lack of cash planning and they also incurred early termination penalties.

We recommend the District evaluate current cash needs prior to purchasing CDs. We also recommend the District not cash in CDs early as this has resulted in the loss of money due the District.

We did not receive Official responses to the findings denoted above.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2005-001	Finding for Recovery Repaid Under Audit – Sale of Cemetery Lots	Yes	Corrected
2005-002	Finding for Recovery- Unsupported Expenditures	No	Partially Corrected Repeated as 2008-010
2005-003	Finding for Recovery - Reimbursements	Yes	Corrected
2005-004	Adopting Annual Appropriation Measures	No	Not Corrected Repeated as Finding 2008-017
2005-005	Certification of Funds	No	Not Corrected Repeated as Finding 2008-011
2005-006	Interim Deposits	No	Not corrected Repeated as Finding 2008-013
2005-007	Timely Deposits	No	Not Corrected Repeated as Finding 2008-012
2005-008	Minutes	No	Not Corrected Repeated as Finding 2008-014
2005-009	Properly Bonded	Yes	Corrected
2005-010	Public Records	Yes	Corrected
2005-011	Proper Accounting Records	No	Not Corrected Repeated as Finding 2008-009
2005-012	Monitoring District Activity	No	Not Corrected Repeated as Finding 2008-003
2005-013	Bank Reconciliations	No	Not Corrected Repeated as Finding 2008-001
2005-014	Authorization of payments	No	Not Corrected Repeated as Finding 2008-002



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
NOVEMBER 5, 2009**