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NEWS RELEASE

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FOR RELEASE July 19, 2018

Auditor of State Mary Mosiman today released a report on a special investigation of Saylor Township Pine Hill Cemetery (Cemetery) for the period January 1, 2010 through October 31, 2017. The special investigation was requested by Township Trustees as a result of concerns regarding missing equipment, undeposited cash collections, unauthorized plot sales and transfers concerning a former Sexton, and improper redemption of Menards rebates earned on purchases made with Cemetery funds.

Mosiman reported the special investigation identified \$2,000 of improper charges. The improper charges identified include:

- \$1,600 of improper charges for 4 cemetery plots for 2 unrelated individuals using the same residential address with no supporting documentation confirming the address.
- \$400 of improper charges for a cemetery plot sold at the resident rate when the customer was a non-resident.

Mosiman also reported 12 cemetery plots held in the name of the former Sexton Willard Bushbaum and his wife were identified. However, it was not possible to determine the propriety of how those plots were acquired due to the lack of sufficient supporting documentation. In addition, 6 Menards statements were identified which were not supported with adequate documentation, and 35 Menards statements detailed eligible rebate purchases. It was not possible to determine if the rebates earned were properly redeemed due to the lack of sufficient supporting documentation.

The report includes recommendations to strengthen the Cemetery's internal controls, including establishing written procedures for sales and transfers of cemetery plots and acquisition and disposal of equipment. In addition, the report includes a recommendation for the Cemetery to ensure supporting documentation for sales and transfers of cemetery plots and Menards credit card receipts are properly retained.

Copies of this report have been filed with the Division of Criminal Investigation, the Polk County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1713-0001-BE00>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
SAYLOR TOWNSHIP - PINE HILL CEMETERY
FOR THE PERIOD
JANUARY 1, 2010 THROUGH OCTOBER 31, 2017**

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Auditor of State's Report

To the Board of Trustees of Saylor Township:

As a result of concerns regarding possible missing equipment, undeposited cash collections, unauthorized plot sales concerning former Sexton Willard Bushbaum, and improper rebates redeemed from purchases made using Menards credit cards, we have conducted a special investigation of Pine Hill Cemetery (Cemetery) activity within Saylor Township (Township). We have applied certain tests and procedures to selected financial transactions of the Cemetery for the period January 1, 2010 through October 31, 2017, unless otherwise noted. Based on a review of relevant information and discussions with Township officials and personnel, we performed the following procedures.

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed the insurance listing which includes covered equipment purchased for \$3,000 or more during the period reviewed to determine if the equipment was still in the Cemetery's possession. Reviewed sales and trade-in documentation to determine if equipment was properly disposed.
- (3) Examined disbursements to Acme Tools for weed trimmers to determine propriety of the purchases and determine which, if any, of the weed trimmers purchased were in the Cemetery's possession.
- (4) Examined documentation obtained from Lincoln Lawn Care to determine propriety of the equipment purchases.
- (5) Examined documentation obtained from Menards to determine propriety of the charges, specifically related to rebates redeemed from purchases made with Cemetery funds.
- (6) Reviewed the cemetery deed index book and cemetery deeds to determine the cemetery plots owned by Mr. Bushbaum. Reviewed the deeds and receipts for these plots to determine the propriety of their acquisition.
- (7) Traced cemetery plot sales to receipts and bank deposits to determine cemetery sales revenue was being properly deposited in the Township's bank account for the period July 1, 2013 through December 31, 2014 and July 1, 2016 through October 31, 2017.
- (8) Reviewed cemetery plot sales to determine proper rates were being charged.
- (9) Reviewed revenue collected to identify any significant increases and/or decreases and evaluated the changes to identify undeposited collections.

These procedures identified \$2,000 of improper charges. In addition, 12 cemetery plots held in the name of Mr. Bushbaum and his wife were identified. However, it was not possible to determine the propriety of how those plots were acquired due to the lack of sufficient supporting documentation. Also, 6 Menards statements were identified which were not supported with adequate documentation, and 35 Menards statements detailed eligible rebate purchases. It was not possible to determine if the rebates earned were properly redeemed due to the lack of

sufficient supporting documentation. Our detailed findings and recommendations are presented in the Investigative Summary of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of Pine Hill Cemetery, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Division of Criminal Investigation, the Polk County Attorney's Office, and the Attorney General's Office.

We would like to acknowledge the assistance extended to us by personnel of Saylor Township during the course of our investigation.


MARY MOSIMAN, CPA
Auditor of State

February 1, 2018

Report on Special Investigation of the
Saylor Township – Pine Hill Cemetery
Investigative Summary

Background Information

Pine Hill Cemetery (Cemetery) is a 19 acre cemetery located in Saylor Township in Polk County, Iowa. The Cemetery is one of oldest landmarks in Saylor Township with the oldest known gravesite dated 1846. The Cemetery is governed by the Board of Trustees of Saylor Township. The Township consists of approximately 17 square miles with a population of 6,400 residents.

The Cemetery collects revenues from property taxes as well as the sale of cemetery plots and opening and closing of burials. The Cemetery employs a full-time Sexton and a full-time Assistant Sexton. Additional seasonal help is employed as needed. The Sexton is responsible for overseeing the operations of the Cemetery, including:

- Selling plot spaces and collecting payments, including preparing receipts and submitting them to the Township Clerk for deposit;
- Preparing deeds for Trustee approval;
- Laying out graves and markers;
- Opening and closing of burial areas;
- Maintaining updated lot owner and burial records;
- Preparing the Cemetery's budget;
- Supervising Cemetery staff, including approving timesheets;
- Caring for and maintaining cemetery grounds;
- Purchasing and maintaining cemetery equipment and buildings.

The Assistant Sexton is responsible for assisting the Sexton with the operations of the Cemetery, as well as performing the role of the Sexton when the Sexton is absent.

During the period of our investigation, 2 individuals served as Sexton. The most recent former Sexton, Robert Sheeks, served from January 2013 until his resignation on May 31, 2017. Mr. Sheeks was the Assistant Sexton of the Cemetery prior to becoming Sexton and began employment with the Cemetery in September 1998. The Sexton prior to Mr. Sheeks was Willard Bushbaum, who worked for the Cemetery from November 1980 until December 2012.

On September 8, 2017, a Township official contacted the Office of Auditor of State concerning the 2 former Sextons. The concerns identified included missing equipment, undeposited cash collections, and unauthorized sales of cemetery plots. As a result, we performed the procedures detailed in the Auditor of State's Report for the period January 1, 2010 through October 31, 2017.

Detailed Findings

These procedures identified \$2,000 of improper charges. The improper charges identified include:

- \$1,600 of improper charges for 4 cemetery plots for 2 unrelated individuals using the same residential address with no supporting documentation confirming the address.
- \$400 of improper charges for a cemetery plot sold at the resident rate when the customer was a non-resident.

We also identified 12 cemetery plots held in the name of the former Sexton Willard Bushbaum and his wife. However, it was not possible to determine the propriety of how those plots were acquired due to the lack of sufficient supporting documentation. In addition, 6 Menards statements were

identified which were not supported with adequate documentation, and 35 Menards statements detailed eligible rebate purchases. It was not possible to determine if the rebates earned were properly redeemed due to the lack of sufficient supporting documentation. At the completion of fieldwork, we attempted to contact Mr. Sheeks and Mr. Bushbaum; however, we were unable to reach them.

CEMETERY RECEIPTS

As previously stated, the Cemetery’s primary revenue source includes cemetery plot sales and receipts for opening and closing of graves for burial services. The cost of plots and burial services varies depending on the type of burial. In addition, the Cemetery has different rates for residents and non-residents of Saylor Township. A full listing of rates is included in **Appendix A**.

We examined all receipts for the period July 1, 2013 through December 31, 2014 and July 1, 2016 through October 31, 2017 to determine proper deposit in the Township’s bank account. We also traced the receipts to a complete and accurate deed on file. In addition, we examined all deeds on file to ensure all sales were properly deposited.

As a result of testing, we identified the following:

- 5 instances in which the amount collected was incorrectly recorded on the deed, including an instance totaling \$400 where the incorrect amount was collected.
- 2 unrelated individuals who purchased 4 plots within a few days of each other with the same address recorded on their deeds. A search of these individuals’ addresses did not yield the address reported on the deed. The Cemetery did not retain any additional support to corroborate the propriety of the addresses listed on the deed.

Table 1 summarizes the discrepancies identified between the amounts recorded on the deeds and the receipts.

Table 1

Description and Type of Service	Resident/ Nonresident	Date	Amount Collected	Amount Recorded on Deed	Improper Amount
<u>Improper rate charged:</u>					
A cemetery plot at resident rate	Nonresident	02/23/17	\$ 400	800	\$ 400
<u>Deed recorded incorrectly:</u>					
A cemetery plot	Nonresident	05/27/14	800	400	- *
A cemetery plot	Nonresident	06/05/14	800	400	- *
Columbarium with 2 vases	Nonresident	06/11/14	2,700	400	- *
Columbarium with 2 vases plus companion lettering	Nonresident	06/11/14	3,050	400	- *
<u>Unsupported address:</u>					
A cemetery plot	Resident	02/27/17	400	400	400 ^
3 cemetery plots	Resident	03/06/17	1,200	1,200	<u>1,200</u> ^
Total					<u>\$ 2,000</u>

*- No improper amount noted since the correct amount was collected. Error was the amount recorded on the deed.

^ - Improper amount is the difference between the resident and nonresident rates.

In addition, we noted a cemetery deed missing from the sequential order. We were unable to determine if the deed had been sold.

CEMETERY PLOT TRANSFERS

After a cemetery plot is purchased, the owner has 3 options:

- use it to inter the deceased,
- pass it down to an heir, or
- sell the plot back to the Cemetery or another individual.

The Township has no written policies concerning sales and issuance of deeds, including individuals selling a cemetery plot to another individual. Section 523I.306 of the *Code of Iowa* prohibits an individual earning commission or bonus compensation in connection with the sale of a cemetery plot.

We identified 12 cemetery plots in the name of Mr. Bushbaum and his wife. All 12 plots appeared to have been acquired through a private exchange or transfer with another plot owner and not through direct purchase from the Cemetery. According to the Township Trustees we spoke with, they were not aware how the transfer process worked and did not recall approving any transfers. Of the 12 plots in Mr. Bushbaum's name, we were only able to trace 1 plot to its original deed and corresponding transfer to Mr. Bushbaum. The remaining 11 plots did not have sufficient documentation to determine the original sale and subsequent transfers into Mr. Bushbaum's name. We were unable to determine the propriety of the subsequent transfers of ownership since the transactions were conducted outside of the Cemetery. The only approval of the transfers appeared to be by Mr. Sheeks, who would have been either the Assistant Sexton or Sexton at time of the transfers. Because the Cemetery has no written procedures concerning the purchase or exchange of deeds, it is unclear if the transfers identified were allowable.

As previously stated, the Cemetery has no written policies and procedures for the issuance and transfer of deeds. The current practice for issuing deeds for newly purchased plots is as follows. The Sexton sells the plot to an individual and collects the payment to be deposited by the Township Clerk. The Sexton then drafts a deed, including the name of the individual, plot purchased, price, and date. The drafted deed is presented at a Township Trustee meeting for approval by the Trustees. Once approved, the deed is signed by the 3 trustees and notarized. The original deed is held in the Cemetery deed books and a copy is provided to the customer.

CEMETERY MOWERS AND WEED TRIMMERS

The Cemetery purchases mowers and weed trimmers to maintain cemetery grounds. The Sexton is responsible for purchasing and maintaining the necessary equipment. Township officials raised concerns the former Sexton was receiving a free personal mower due to the frequency of mower purchases and the location of the vendor for these purchases. The vendor was located approximately 100 miles from the Cemetery. Township practices encourage local purchases when possible. We determined mowers were purchased and traded every other year. We were able to locate and observe all mowers included in the covered equipment listing for the Township's insurance as well as trace the mowers purchased to invoices provided by the vendor and the Township Clerk. We found no evidence of free mowers being offered by the vendor based on sales volume or other incentives.

Township officials were also concerned the former Sextons were taking and/or giving away weed trimmers due to the current Sexton observing Mr. Sheeks taking a new weed trimmer for personal use. We examined all weed trimmers purchased by the Township at Acme Tools during the preceding 5 years. We identified 11 weed trimmers purchased during the period March 20, 2012 through September 15, 2016. According to the current Sexton, weed trimmers are likely to be in service for 2 to 3 years. As a result, we expected the Cemetery to have 3 to 7 weed trimmers on hand. We observed 6 weed trimmers on hand on October 25, 2017, in accordance with our expectations. As a result, we were unable to determine whether any weed trimmers had been improperly disposed of or used for personal purposes.

MENARDS REBATES

The Cemetery currently holds a Menards credit card for purchases. Cemetery employees are authorized to make purchases less than \$1,000 without Township Trustee approval. However, purchases exceeding \$1,000 must be approved in advance by the Township Trustees. The credit card has a \$5,000 limit. Employees are required to submit receipts for all purchases made with the credit card. The Township routinely makes purchases at Menards, and we identified \$53,684.60 in purchases for the period January 1, 2010 through October 31, 2017.

Township officials were concerned the former Sextons were using rebates earned from Cemetery purchases to pay for personal purchases. Menards issues rebates for certain purchases which are redeemable for in-store credit. According to Menards' website, once a rebate eligible purchase is made, a rebate receipt is printed with the register receipt. In order to claim the rebate, the customer submits the rebate receipt, along with the applicable rebate slip, noting the name and address the customer wants the rebate mailed to. The customer can expect to receive the rebate at the address submitted within 6 to 8 weeks. The rebate certificate is used as credit at Menards and the rebates never expire.

We examined all available receipts for the period of our investigation and identified 34 statements with register receipts attached showing rebate eligible purchases. We attempted to determine if the rebates identified had been redeemed through Menards' rebate affiliate, Rebates International. However, rebates can only be tracked by using the rebate number or name and address of the customer who submitted the rebated receipt. We were not able to locate any rebate numbers as no rebate receipts were located at the Cemetery. We searched for Mr. Sheeks using his residential address and the Township's address, but we were unable to yield any results. Sufficient documentation was not retained to determine if any rebates were obtained and/or redeemed. In addition, receipts for 6 of the 96 statements reviewed were not properly retained. As a result, we were unable to determine if Menards rebates, if any, were properly redeemed for Cemetery purchases.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Pine Hill Cemetery to record sales transactions, procure equipment, and purchase supplies. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from errors and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the Cemetery's internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The Sexton has control over selling cemetery plots, collecting receipts, and recordkeeping.

Recommendation – The selling and recording of cemetery plots by the Sexton should be separated from the collection of receipts by other Township personnel.

- B. Cemetery Receipt Reconciliation – The Cemetery does not perform a reconciliation of plot sales and payments for burial services to recorded collections. In addition, there is no independent review to determine customers are charged the correct rate.

Recommendation – The Cemetery should, at a minimum, perform quarterly reconciliations of sales to deposits to determine all funds are properly collected and deposited. This review should include determining the correct rate is charged for services. The reconciliation should be independently reviewed for completeness and accuracy and the review should be documented with the signature or initials of the reviewer and the date.

- C. Written Policies and Supporting Documentation for Cemetery Plots – The Cemetery does not have written policies and procedures concerning the purchase and transfer of cemetery plots. In addition, adequate documentation was not retained to support cemetery deed transfers of ownership. The validity and ownership of certain cemetery plots could not be determined. During our investigation, we noted 12 plots acquired by Mr. Bushbaum through an exchange or transfer with another plot owner and not through direct purchase from the Cemetery. We were unable to determine the propriety of these transfers of ownership.

Recommendation – The Cemetery should consult with legal counsel to determine disposition of this matter. In addition, the Township should adopt written policies and procedures concerning the purchase and transfer of cemetery plots and ensure adequate supporting documentation is retained for each deed to determine its validity.

- D. Written Policies and Safeguards for Equipment – The Cemetery does not have written policies and procedures for the acquisition and disposal of cemetery equipment and safeguards to protect cemetery assets.

Recommendation – The Cemetery should develop policies and procedures regarding the acquisition and disposal of cemetery equipment, including the disposition of equipment, whether by trade, sale or other method, approval of all disposals by the Township Trustees, and required documentation.

- E. Menards Rebates – The Township Trustees and/or Township Clerk do not review Menards receipts for eligible rebates and properly retain any rebate receipts earned to submit for redemption. In addition, the Cemetery does not have policies and procedures regarding the use and documentation of eligible rebates.

Recommendation – The Cemetery should review all Menards receipts for eligible rebates to be submitted for redemption and properly retain all purchase receipts. The Cemetery should implement policies and procedures to ensure rebates are utilized for cemetery purposes.

Report on Special Investigation of the
Saylor Township – Pine Hill Cemetery

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Jennifer Campbell, CPA, Manager
Katherine L. Rupp, CPA, Manager
Alex W. Case, Staff Auditor



Tamera S. Kusian, CPA
Deputy Auditor of State

Appendix

Report on Special Investigation of the
Saylor Township – Pine Hill Cemetery

Copy of Cemetery Fee Schedule

PINE HILL CEMETERY

524 NW 54TH AVE
DES MOINES, IA 50313
(515)289-1533

EFFECTIVE AUGUST 2013

<u>SPACES:</u>	<u>SAYLOR RESIDENT</u>	<u>NON-RESIDENT</u>
FULL SIZE SPACE	\$400.00	\$800.00
CHILDRENS GARDEN (48" X 72") INCLUDES OPENING	\$250.00	\$650.00
SATURDAY	\$450.00	\$850.00
<u>COLUMBARIUM: (11"X11"X11" MAX URN SIZE)</u>		
SINGLE WITH VASE	\$1,000.00	\$1,400.00
COMPANION WITH TWO VASES	\$1,900.00	\$2,700.00
SINGLE LETTERING OR CURRENT PRICE	\$250.00	\$250.00
COMPANION LETTERING OR CURRENT PRICE	\$350.00	\$350.00
DEATH DATE OR CURRENT PRICE	\$125.00	\$125.00
<u>OPENINGS:</u>		
<u>WEEKDAYS</u>		
FULL SIZE	\$400.00	\$800.00
ASHES	\$200.00	\$400.00
CHILD IN FULL SIZE SPACE	\$250.00	\$650.00
NICHE OPENING/CLOSING	\$100.00	\$200.00
<u>SATURDAY 8:00 - 10:00 SERVICE TIME</u>		
FULL SIZE	\$600.00	\$1,000.00
ASHES	\$400.00	\$600.00
CHILD IN FULL SIZE SPACE	\$450.00	\$850.00
NICHE OPENING/CLOSING	\$200.00	\$400.00
<u>SATURDAY 10:30 - 2:00 SERVICE TIME</u>		
FULL SIZE	\$1,000.00	\$1,400.00
ASHES	\$800.00	\$1,000.00
CHILD IN FULL SIZE SPACE	\$850.00	\$1,250.00
NICHE OPENING/CLOSING	\$400.00	\$800.00
<u>DISINTERMENT (MONDAY - FRIDAY ONLY)</u>		
ADULT OR CHILD	\$1,500.00	\$2,000.00
ASHES	\$500.00	\$1,000.00
NICHE REPLACERMENT MARKER	\$300.00	\$300.00