



Dave Yost • Auditor of State

**WELLINGTON UNION CEMETERY
LORAIN COUNTY**

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Dave Yost • Auditor of State

Wellington Union Cemetery
Lorain County
115 Willard Memorial Square
Wellington, Ohio 44090

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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government 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 adverse 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.

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Dave Yost
Auditor of State

September 20, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wellington Union Cemetery
Lorain County
115 Willard Memorial Square
Wellington, Ohio 44090

To the Board of Trustees:

We have audited the accompanying financial statements of the Wellington Union Cemetery, Lorain County, Ohio (the Cemetery), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Cemetery 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.

While the Cemetery does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Cemeteries to reformat their statements. The Cemetery has elected not to follow GAAP statement formatting requirements. 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 second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Cemetery as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Wellington Union Cemetery, Lorain County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2011 the Wellington Union Cemetery adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In addition, as described in Note 3, the Cemetery restated the December 31, 2009 fund balance as previously reported due to expenditures that were previously recorded in the General Fund instead of the Fiduciary Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2012, on our consideration of the Cemetery's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.



Dave Yost
Auditor of State

September 20, 2012

**WELLINGTON UNION CEMETERY
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>
Cash Receipts:	
Local Taxes	\$70,120
Charges for Services	13,600
Sale of Lots	7,400
Interest	2,349
Miscellaneous	300
	<hr/>
Total Cash Receipts	93,769
	<hr/>
Cash Disbursements:	
Current Disbursements:	
Salaries	37,085
Supplies	5,123
Equipment	2,475
Contracts - Repair	1,646
Contracts - Services	12,668
Public Employees' Retirement	4,901
Workers' Compensation	1,206
Miscellaneous	3,922
Capital Outlay	114,429
	<hr/>
Total Cash Disbursements	183,455
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Excess of Cash Receipts Over/(Under) Cash Disbursements	(89,686)
	<hr/>
Fund Cash Balances, January 1	216,320
	<hr/>
Fund Cash Balances, December 31	
Unassigned	126,634
Fund Cash Balances, December 31	<u><u>\$126,634</u></u>

**WELLINGTON UNION CEMETERY
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Fiduciary Funds
	Trust Funds
Cash Receipts:	
Interest	\$466
Total Cash Receipts	466
Cash Disbursements:	
Current Disbursements:	
Miscellaneous	401
Total Cash Disbursements	401
Total Receipts Over/(Under) Disbursements	65
Fund Cash Balances, January 1	31,182
Fund Cash Balances, December 31	\$31,247

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

**WELLINGTON UNION CEMETERY
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Fund Types		Totals (Memorandum Only)
	General	Fiduciary	
Cash Receipts:			
Local Taxes	\$75,196	\$0	\$75,196
Charges for Services	19,150	0	19,150
Sale of Lots	13,450	0	13,450
Interest	3,047	530	3,577
Miscellaneous	210	0	210
Total Cash Receipts	111,053	530	111,583
Cash Disbursements:			
Current Disbursements:			
Salaries	36,753	0	36,753
Supplies	4,646	0	4,646
Equipment	2,218	0	2,218
Contracts - Repair	2,330	0	2,330
Contracts - Services	17,078	0	17,078
Public Employees' Retirement	4,786	0	4,786
Workers' Compensation	2,036	0	2,036
Miscellaneous	1,116	0	1,116
Capital Outlay	0	0	0
Total Cash Disbursements	70,963	0	70,963
Excess of Cash Receipts			
Over/(Under) Cash Disbursements	40,090	530	40,620
Fund Cash Balances, January 1 (Restated - See Note 3)	176,230	30,652	206,882
Fund Cash Balances, December 31	\$216,320	\$31,182	\$247,502

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**WELLINGTON UNION CEMETERY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 Wellington Union Cemetery, Lorain County, Ohio, (the Cemetery). The Village of Wellington and Wellington Township appoint a three-member Board of Trustees to direct cemetery operations. These entities also provide funding to meet the Cemetery's operating costs through property tax levies. The accompanying financial statements present this funding as local taxes. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Cemetery recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Cemetery's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

The Cemetery uses fund accounting to segregate cash and investments that are restricted as to use. The Cemetery classifies its 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 Funds (Trust Funds)

These funds account for resources restricted by legally binding trust agreements. These funds receive interest from fund investments. Proceeds are used to maintain grave sites.

**WELLINGTON UNION CEMETERY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

E. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Cemetery must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Cemetery classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Cemetery must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Cemetery Trustees or a Cemetery official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Cemetery applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Property, Plant, and Equipment

The Cemetery records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**WELLINGTON UNION CEMETERY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Change in Accounting Principle

For fiscal year 2011, the Cemetery has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The implementation of this Statement did not have an effect on the Cemetery's financial statements.

3. Restatement of Fund Balance

For fiscal year 2010, the Cemetery restated the December 31, 2009 fund type balances as previously reported due to expenditures that were previously recorded in the General Fund instead of the Fiduciary Fund:

	Fund Balance at December 31, 2009	Restated	Adjusted Fund Balance at December 31, 2009
General	\$175,157	\$1,073	\$176,230
Fiduciary	31,725	(1,073)	30,652

4. Equity in Pooled Deposits

The Cemetery maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2011	2010
Demand deposits	\$157,881	\$247,502

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

5. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Cemetery contributed an amount equaling 14% of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2011.

**WELLINGTON UNION CEMETERY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Risk Management

Commercial Insurance

The Cemetery has obtained commercial insurance for the following risks:

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



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

Wellington Union Cemetery
Lorain County
115 Willard Memorial Square
Wellington, Ohio 44090

To the Board of Trustees:

We have audited the financial statements of the Wellington Union Cemetery, Lorain County, (the Cemetery) as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated September 20, 2012, wherein we noted the Cemetery followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. In addition, the Cemetery adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and the Cemetery restated the December 31, 2009 fund balance as previously reported due to expenditures that were recorded in the General Fund instead of the Fiduciary Fund. 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 Cemetery's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Cemetery's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Cemetery's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2011-01 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of reasonably assuring whether the Cemetery'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Cemetery's management in a separate letter dated September 20, 2012.

We intend this report solely for the information and use of management, the Board of Trustees and others within the Cemetery. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 20, 2012

**WELLINGTON UNION CEMETERY
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-01

Significant Deficiency

Financial Reporting and Bank Reconciliations

The Clerk-Treasurer records the financial transactions of the cemetery on manual ledgers. During review of the fiscal year 2010 ledgers, we noted expenditures totaling \$2,320 were not recorded, receipts overstated by \$501, book balance over bank balance by \$88, and fund balances were not presented in the ledgers. The Clerk-Treasurer does prepare monthly bank reconciliations, however, the reconciled bank balances are never reconciled to the ledgers. As a result, the financial statements were adjusted by the Cemetery to reflect an additional \$2,320 in repairs expenditures, \$88 in miscellaneous expenditures and \$501 less in interest receipts reflected in the accounting records.

During review of the fiscal year 2011 ledgers, we noted receipts understated by \$574, book balance over bank balance by \$104, and fund balances were not presented in the ledgers. As a result, the financial statements were adjusted by the Cemetery to reflect an additional \$104 in miscellaneous expenditures and \$574 in interest receipts reflected in the accounting records.

The Clerk-Treasurer should prepare the monthly financial report which reflects all receipts and disbursement transactions, available fund balances, investment instruments and applicable endowment amounts. These amounts should be reconciled to the bank balances each month. Failure to do so has lead to posting errors requiring audit adjustments and in the future could lead to posting errors that may go undetected and result in inaccurate and incomplete financial statements.

In addition, the Board of Trustees should review the monthly bank reconciliation to ensure the reconciliations are being prepared in a timely manner and cash balances agree to reconciled bank balances. This review should be evidenced by Board members signing the monthly bank reconciliations. The Board should also review the submitted annual reports to ensure the integrity of the financial statements.

Officials' Response:

The Clerk-Treasurer will begin performing a monthly balance sheet in order to reconcile the ledgers to the bank balances.

WELLINGTON UNION CEMETERY
LORAIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2011 and 1010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Financial Reporting and Bank Reconciliations	No	Not Corrected – See 2011-01



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WELLINGTON UNION CEMETERY

LORAIN 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
OCTOBER 4, 2012