



Dave Yost • Auditor of State

OHIO AUDITOR OF STATE **KEITH FABER**



January 24, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio



Dave Yost • Auditor of State

January 11, 2019

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

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Wellington Union Cemetery, Lorain County, Ohio (the Cemetery) for the years ended December 31, 2017 and 2016.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Cemetery's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Cemetery's financial statements, transactions or balances for the years ended December 31, 2017 and 2016.

The Cemetery's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. **Ohio Rev. Code § 117.38** requires the financial report to be filed with the Auditor of State within sixty days following the close of the Cemetery's fiscal year. Failing to file annual reports by the required date can result in fines of \$25 per day up to a maximum of \$750.

The Cemetery filed their 2017 and 2016 annual financial reports with the Auditor of State on November 6, 2018 and November 5, 2017, respectively, which was after the required due date of March 1, 2018 and March 1, 2017. The Cemetery should file its annual report by the required due date.

2. **Ohio Admin. Code § 117-2-02** indicates all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, classify, record, report its transactions, and prepare financial statements required by **Ohio Admin. Code § 117-2-03**.

For the 2017 financial report filed with the Auditor of State, the receipts, disbursements, and ending fund balance in the report did not agree to the amounts in the Cemetery's accounting system for the General Fund, with variances of \$1,800, \$7,206, and \$5,406, respectively.

Current Year Observations (continued)

The cause of the variances was unknown. The Fiscal Officer should ensure the financial statements filed with the Auditor of State are supported by the Cemetery's accounting records.

3. A necessary step in the internal control over financial reporting is to reconcile the bank balance to the accounting system's cash balance. Bank reconciliation means accounting for the differences between the bank statement's balance and the cash and investment balances with the accounting system at a specific point in time.

The Cemetery originally did not prepare a bank to book reconciliation for fiscal year-end 2017 or as of the current month (November 2018) fieldwork commenced. Subsequent to the beginning of fieldwork, the Fiscal Officer prepared bank to book reconciliations for the Cemetery's general checking account without exception. The Fiscal Officer should ensure bank to book reconciliations are performed each month and reconciling items are clearly documented.

4. **Ohio Rev. Code § 145.47** indicates employers must report to the Ohio Public Employees Retirement System (OPERS) contributions and earnable salary no more than 30 days after the reporting period, and at that time, such contributions shall be remitted.

For the December 2017 reporting period, OPERS contributions and reports were due on January 31, 2018; however, the Cemetery did not report or remit contributions until February 12, 2018. The Cemetery incurred a small penalty for not remitting contributions on a timely-basis. The Cemetery should remit contributions to OPERS no later than 30 days after the reporting period to avoid incurring a late fee, which is not considered a proper public purpose.

5. **Ohio Rev. Code § 5705.36** indicates on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing units shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority. The amount certified shall include any unencumbered balances that existed at the end of the preceding year.

As of January 1, 2017, the Cemetery certified \$16,685 in unencumbered fund balances in the General Fund to the county auditor; however, the beginning unencumbered fund balance per the accounting system was only \$5,613. The Cemetery should ensure accurate unencumbered fund balances are being reported to the county auditor each year, and if necessary, amend their *Official Certificate of Estimated Resources*.

6. **Ohio Rev. Code § 5705.39** provides in part that total appropriations from each fund shall not exceed total estimated resources. Estimated resources mean estimated receipts for the year plus beginning unencumbered fund balance.

At December 31, 2017, appropriations exceeded estimated resources by \$10,080 in the General Fund. Appropriating in excess of estimated resources could lead the Cemetery to incur negative fund balances.

7. **Ohio Rev. Code § 5705.41 (B)** indicates actual expenditures shall not exceed appropriations.

At December 31, 2017, actual expenditures exceeded appropriations by \$5,670. The Cemetery should ensure expenditures are within the amount appropriated to avoid over spending, potentially incurring negative fund balances and spending in excess of the Board's intention.

Current Status of Matters Reported in our Prior Engagement

Our prior engagement included recommendations regarding the Cemetery's beginning cash balances not agreeing to the prior year report, ending cash balances not agreeing to the beginning cash balances plus receipts and less disbursements, a bank over book variance on the bank reconciliation, and not reporting separate funds on the financial statements. The Cemetery has reported separate funds on the financial statements submitted to the Auditor of State in 2016 and 2017. The Cemetery has no variances on the fiscal year-end 2017 or most recent (November 2018) bank reconciliation. As noted in the current observation above, the Cemetery has not corrected issues relating to financial reporting.

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

Dave Yost
Auditor of State

January 11, 2019

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OHIO AUDITOR OF STATE
KEITH FABER



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
JANUARY 24, 2019**