



**WELLINGTON UNION CEMETERY DISTRICT  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005 & 2004**



**Auditor of State  
Betty Montgomery**



**WELLINGTON UNION CEMETERY DISTRICT  
LORAIN COUNTY**

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**Auditor of State  
Betty Montgomery**

Wellington Union Cemetery District  
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 a February 2, 2005 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 opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

July 31, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Wellington Union Cemetery District  
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 District, Lorain County, Ohio, (the Cemetery) as of and for the years ended December 31, 2005 and December 31, 2004. 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.

Revisions to GAAP would require the Cemetery to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2005 (and 2004), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Cemetery does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Cemetery has elected not to reformat its statements. Since the Cemetery does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the 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, 2005 and December 31, 2004 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, 2005 and December 31, 2004, or its changes in financial position for the year then ended.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Wellington Union Cemetery District, Lorain County, Ohio, as of December 31, 2005 and December 31, 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2006 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.



**Betty Montgomery**  
Auditor of State

July 31, 2006



**WELLINGTON UNION CEMETERY DISTRICT  
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, 2005**

	<u>Governmental Fund Type</u> General Fund	<u>Fiduciary Fund Type</u> Trust Fund	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Local Taxes	\$57,778	\$0	\$57,778
Intergovernmental	7,260	0	7,260
Charges for Services	14,200	0	14,200
Sale of Lots	4,600	0	4,600
Licenses and Permits	125	0	125
Interest	2,354	805	3,159
Miscellaneous	10	0	10
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	86,327	805	87,132
<b>Cash Disbursements:</b>			
Current:			
Salaries	39,381	0	39,381
Supplies	4,766	0	4,766
Equipment	2,446	0	2,446
Contracts - Repair	1,673	0	1,673
Contracts - Services	14,959	0	14,959
Public Employees' Retirement	5,121	0	5,121
Workers' Compensation	2,464	0	2,464
Unemployment Compensation	510	0	510
Miscellaneous	1,220	141	1,361
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	72,540	141	72,681
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	13,787	664	14,451
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	118,091	27,872	145,963
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$131,878</u></b>	<b><u>\$28,536</u></b>	<b><u>\$160,414</u></b>

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

**WELLINGTON UNION CEMETERY DISTRICT  
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, 2004**

	<u>Governmental Fund Type</u> General Fund	<u>Fiduciary Fund Type</u> Trust Fund	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Local Taxes	\$60,381	\$0	\$60,381
Intergovernmental	3,081	0	3,081
Charges for Services	16,100	0	16,100
Sale of Lots	8,825	0	8,825
Licenses and Permits	215	0	215
Interest	1,419	704	2,123
Miscellaneous	546	0	546
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	90,567	704	91,271
<b>Cash Disbursements:</b>			
Current:			
Salaries	38,682	0	38,682
Supplies	3,829	0	3,829
Equipment	2,800	0	2,800
Contracts - Repair	453	0	453
Contracts - Services	17,940	0	17,940
Public Employees' Retirement	5,088	0	5,088
Workers' Compensation	2,899	0	2,899
Unemployment Compensation	378	0	378
Miscellaneous	7,339	132	7,471
	<hr/>	<hr/>	<hr/>
Total Disbursements	79,408	132	79,540
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	11,159	572	11,731
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	106,932	27,300	134,232
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$118,091</b>	<hr/> <b>\$27,872</b>	<hr/> <b>\$145,963</b>

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

**WELLINGTON UNION CEMETERY DISTRICT  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges for the Wellington Union Cemetery District, Lorain County, (the Cemetery) as a body corporate and politic. The Cemetery is established as a union cemetery district under Chapter 759.341 of the Ohio Revised Code. The Village of Wellington and Wellington Township appoint a three-member Board of Trustees to direct cemetery operations. These entities assess a tax on the property owners within the cemetery district to provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. 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 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.

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

**C. Cash and Investments**

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

The Cemetery records certificates of deposit at cost.

**D. Fund Accounting**

The 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)**

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

**E. Budgetary Process**

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

**WELLINGTON UNION CEMETERY DISTRICT  
LORAIN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control (modify to reflect legal 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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Cemetery to reserve (encumber) appropriations when commitments are made. The Cemetery did not use the encumbrance method of accounting.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. The financial statements do not report unpaid vacation and sick leave as liabilities.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2005</u>	<u>2004</u>
Demand deposits	\$102,032	\$89,292
Certificates of deposit	58,382	56,671
Total deposits	<u>\$160,414</u>	<u>\$145,963</u>

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

**WELLINGTON UNION CEMETERY DISTRICT  
LORAIN COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and December 31, 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$208,234	\$86,327	(\$121,907)
Fiduciary (Trust Fund)	0	805	805
Total	\$208,234	\$87,132	(\$121,102)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,490	\$72,541	\$40,949
Fiduciary (Trust Fund)	0	141	(141)
Total	\$113,490	\$72,682	\$40,808

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$158,058	\$90,567	(\$67,491)
Fiduciary (Trust Fund)	0	704	704
Total	\$158,058	\$91,271	(\$66,787)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$79,190	\$79,408	(\$218)
Fiduciary (Trust Fund)	0	132	(132)
Total	\$79,190	\$79,540	(\$350)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$218 for the year ended December 31, 2004 and the Trust Fund by \$141 and \$132 for the years ended December 31, 2005 and December 31, 2004, respectively.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays Homestead and rollback amounts, reported in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual 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.

**WELLINGTON UNION CEMETERY DISTRICT  
LORAIN COUNTY**

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

**4. PROPERTY TAX (Continued)**

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

**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 plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS employee members contributed 8.5 percent of their gross salaries. The Cemetery contributes an amount equal to 13.55 percent of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2005.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The cemetery has obtained commercial insurance for the following risks:

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

**7. CONTINGENCIES**

The Cemetery is party to certain legal proceedings. The Cemetery management is of the opinion the ultimate settlement of such claims not covered by insurance will not result in a material adverse effect on the Cemetery's financial position.



**Auditor of State  
Betty Montgomery**

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

Wellington Union Cemetery District  
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 District, Lorain County, Ohio, (the Cemetery) as of and for the years ended December 31, 2005 and December 31, 2004, and have issued our report thereon dated July 31, 2006, 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. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Cemetery's management dated July 31, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**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 that we must report under *Government Auditing Standard*. In a separate letter to the Cemetery's management dated July 31, 2006, we reported other matters related to noncompliance we deemed immaterial.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Wellington Union Cemetery District  
Lorain County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 31, 2006





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**WELLINGTON UNION CEMETERY DISTRICT**

**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 17, 2006**