



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 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 Cemetery 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 31, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wellington Union Cemetery
Lorain County
115 Willard 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, 2009 and 2008. 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.

Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. 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 this 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, 2009 and 2008 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, 2009 and 2008, 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 of Wellington Union Cemetery, Lorain County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 January 31, 2011, 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

January 31, 2011

**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, 2009**

	Fund Types		
	General	Fiduciary Funds	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$78,804	\$0	\$78,804
Charges for Services	12,075	0	12,075
Sale of Lots	9,750	0	9,750
Interest	1,886	730	2,616
Miscellaneous	170	0	170
Total Cash Receipts	102,685	730	103,415
Cash Disbursements:			
Current:			
Salaries	35,883	0	35,883
Supplies	4,272	0	4,272
Equipment	2,949	0	2,949
Contracts - Repair	5,467	0	5,467
Contracts - Services	10,071	0	10,071
Public Employees' Retirement	4,535	0	4,535
Workers' Compensation	2,236	0	2,236
Miscellaneous	1,916	0	1,916
Capital Outlay	21,393	0	21,393
Total Disbursements	88,722	0	88,722
Total Receipts Over/(Under) Disbursements	13,963	730	14,693
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 13,963	 730	 14,693
 Fund Cash Balances, January 1	 161,194	 30,995	 192,189
Fund Cash Balances, December 31	<u>\$175,157</u>	<u>\$31,725</u>	<u>\$206,882</u>

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, 2008**

	Fund Types		
	General	Fiduciary Funds	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$86,482	\$0	\$86,482
Charges for Services	19,850	0	19,850
Sale of Lots	16,325	0	16,325
Interest	3,085	644	3,729
Miscellaneous	526	0	526
Total Cash Receipts	<u>126,268</u>	<u>644</u>	<u>126,912</u>
Cash Disbursements:			
Current:			
Salaries	33,872	0	33,872
Supplies	4,775	0	4,775
Equipment	2,509	0	2,509
Contracts - Repair	2,433	0	2,433
Contracts - Services	20,175	0	20,175
Public Employees' Retirement	4,501	0	4,501
Workers' Compensation	2,176	0	2,176
Miscellaneous	4,472	0	4,472
Capital Outlay	1,950	0	1,950
Total Disbursements	<u>76,863</u>	<u>0</u>	<u>76,863</u>
Total Receipts Over/(Under) Disbursements	<u>49,405</u>	<u>644</u>	<u>50,049</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	49,405	644	50,049
Fund Cash Balances, January 1	<u>111,789</u>	<u>30,351</u>	<u>142,140</u>
Fund Cash Balances, December 31	<u><u>\$161,194</u></u>	<u><u>\$30,995</u></u>	<u><u>\$192,189</u></u>

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

**WELLINGTON UNION CEMETERY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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) as a body corporate and politic. 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 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. 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, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$206,882	\$192,189

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

3. RETIREMENT SYSTEM

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 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Cemetery contributed an amount 14% of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2009.

4. RISK MANAGEMENT

Commercial Insurance

The Cemetery has obtained commercial insurance for the following risks:

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



Dave Yost • Auditor of State

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 Square
Wellington, Ohio 44090

To the Board of Trustees:

We have audited the financial statements of the Wellington Union Cemetery, Lorain County, Ohio, (the Cemetery) as of and for the years ended December 31, 2009 and 2008 and have issued our report thereon dated January 31, 2011, 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-01 described in the accompanying schedule of findings to be a material weakness.

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 a certain matters not requiring inclusion in this report that we reported to the Cemetery's management in a separate letter dated January 31, 2011.

The Cemetery's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Cemetery's response and, accordingly, we express no opinion on it.

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.



Dave Yost
Auditor of State

January 31, 2011

**WELLINGTON UNION CEMETERY
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Weakness

Financial Reporting and Bank Reconciliations

The Clerk records the financial transactions of the cemetery on manual ledgers. During review of the ledgers, we noted receipts totaling \$10,160 were not recorded, footing errors and fund balances were not presented in the ledgers. The Clerk does prepare monthly bank reconciliations, however, the reconciled bank balances are never reconciled to the ledgers. As a result the financial statements were adjusted to reflect an additional \$9,760 in local taxes and \$400 in sale of lots.

The Clerk 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 could lead to posting errors that go undetected.

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.



Dave Yost • Auditor of State

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
FEBRUARY 17, 2011