



Dave Yost • Auditor of State



**WAUSEON UNION CEMETERY  
FULTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Wauseon Union Cemetery  
Fulton County  
5736 County Road 15-1  
Wauseon, Ohio 43567

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Wauseon Union Cemetery, Fulton County, Ohio, (the Cemetery) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Cemetery's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Cemetery's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Cemetery prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Cemetery does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Cemetery as of December 31, 2013 and 2014, or changes in financial position thereof for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

The Cemetery did not adopt the provisions of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* as mandated by Auditor of State Bulletin 2011-004 for regulatory basis financial statements. As a result, the financial statements present aggregate fund balances by fund type, rather than the various fund balance classifications within each fund type.

***Qualified Opinion on Regulatory Basis of Accounting***

Except for the effects of the matter described in the *Basis of Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Wauseon Union Cemetery, Fulton County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cemetery's internal control over financial reporting and compliance.

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

Columbus, Ohio

May 21, 2015

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**WAUSEON UNION CEMETERY  
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$110,580		\$110,580
Charges for Services	30,925		30,925
Sale of Lots	11,825		11,825
Intergovernmental	12,794		12,794
Earnings on Investments	34		34
Miscellaneous	750		750
Total Cash Receipts	<u>166,908</u>		<u>166,908</u>
<b>Cash Disbursements:</b>			
Current Disbursements:			
Salaries	66,502		66,502
Supplies	5,576		5,576
Equipment	28,923		28,923
Tax Collection Fees	3,456		3,456
Contracts - Services	14,642		14,642
Public Employees' Retirement	8,710		8,710
Workers' Compensation	1,874		1,874
Miscellaneous	6,147		6,147
Capital Outlay	92,059		92,059
Total Cash Disbursements	<u>227,889</u>		<u>227,889</u>
Excess of Disbursements Over Receipts	(60,981)		(60,981)
<b>Other Financing Receipts:</b>			
Other Financing Sources	<u>100,000</u>		<u>100,000</u>
Net Change in Fund Cash Balances	39,019		39,019
Fund Cash Balances, January 1	<u>29,689</u>	<u>\$12,820</u>	<u>42,509</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$68,708</b></u>	<u><b>\$12,820</b></u>	<u><b>\$81,528</b></u>

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

**WAUSEON UNION CEMETERY  
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$73,710		\$73,710
Charges for Services	22,940		22,940
Sale of Lots	24,115		24,115
Intergovernmental	11,528		11,528
Earnings on Investments	75		75
Miscellaneous	4,756		4,756
Total Cash Receipts	137,124		137,124
<b>Cash Disbursements:</b>			
Current Disbursements:			
Salaries	71,807		71,807
Supplies	7,469		7,469
Equipment	13,430		13,430
Tax Collection Fees	1,840		1,840
Contracts - Services	10,498		10,498
Public Employees' Retirement	8,689		8,689
Workers' Compensation	1,922		1,922
Miscellaneous	7,560		7,560
Capital Outlay	2,743		2,743
Total Cash Disbursements	125,958		125,958
Net Change in Fund Cash Balances	11,166		11,166
Fund Cash Balances, January 1	18,523	\$12,820	31,343
<i>Fund Cash Balances, December 31</i>	<b><u>\$29,689</u></b>	<b><u>\$12,820</u></b>	<b><u>\$42,509</u></b>

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

**WAUSEON UNION CEMETERY  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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 Wauseon Union Cemetery, Fulton County, (the Cemetery). The City of Wauseon and Clinton Township appoint a three-member Board of Trustees to direct cemetery operations. Clinton Township provides funding to meet the Cemetery's operating costs through a 0.4 mill levy dedicated to the Cemetery. 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 accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Permanent Funds**

This fund accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting cemetery's programs (for the benefit of the cemetery or its citizenry). The Cemetery had the following significant Permanent Fund:

Cemetery Maintenance Fund – The principal of the fund is to be maintained and the revenue to be used for cemetery maintenance.

**WAUSEON UNION CEMETERY  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**E. 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.

**2. EQUITY IN POOLED DEPOSITS**

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

	<u>2014</u>	<u>2013</u>
Demand deposits	\$79,492	\$40,473
Certificates of deposit	2,036	2,036
Total deposits	<u>\$81,528</u>	<u>\$42,509</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**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 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Cemetery contributed an amount equaling 14%, respectively, of participants' gross salaries. The Cemetery has paid all contributions required through December 31, 2014.

**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.



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

Wauseon Union Cemetery  
Fulton County  
5736 County Road 15-1  
Wauseon, Ohio 43567

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Wauseon Union Cemetery, Fulton County, Ohio, (the Cemetery) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2015 wherein we noted the Cemetery followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion on the financial statements presented in accordance with a regulatory basis because the District did not adopt the provisions of Governmental Accounting Standards Board Statement 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Cemetery's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Cemetery's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Cemetery's financial statements. 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. We consider findings 2014-001 and 2014-002 described in the accompanying schedule of findings to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Entity'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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-002.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Cemetery's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Cemetery's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

May 21, 2015

**WAUSEON UNION CEMETERY  
FULTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Material Weakness - Financial Reporting**

Due to a lack of management oversight the Cemetery failed to adopt the provisions of Governmental Accounting Standards Board Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions for the years ended December 31, 2014 and 2013 as mandated by Auditor of State Bulletin 2011-004 for regulatory basis financial statements. Under GASB No. 54, 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. Those classifications include: Non-spendable, Restricted, Committed, Assigned, and Unassigned. In addition, GASB No. 54 provides additional clarity in how governmental funds should be classified.

By not implementing GASB No. 54 the Cemetery is not fully disclosing constraints imposed on the fund balances. Additionally, implementation of the requirements of GASB 54 could also affect the fund type classification of funds.

We recommend the Cemetery adopt the provisions of GASB No. 54 as specified in Auditor of State Bulletin 2011-004.

**FINDING NUMBER 2014-002**

**Material Weakness – Noncompliance**

**Ohio Rev. Code § 5705.10(E)** requires all proceeds from the sale of public obligations or fractionalized interests in public obligations as defined in section 133.01 of the Revised Code, shall be paid into a special fund for the purpose of such issue.

The Cemetery entered into loan with a local bank to finance the construction of building on the Cemetery grounds. Due to insufficient monitoring by management the construction expenditures were recorded in the Cemetery's general fund. The loan proceeds of \$100,000 were recorded as a negative expenditure. This understated the Cemetery's expenditures by \$100,000. This section requires a separate fund to be used to account and ensure the loan proceeds were used for the intended purposes.

An adjustment was made to the Cemetery's financial statements to record the loan proceeds and properly disclose expenditures.

We recommend the Fiscal Officer record all transactions on its financial statements and, when required, set up a separate fund.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

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**WAUSEON UNION CEMETERY**

**FULTON 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  
JUNE 11, 2015**