



**VILLAGE OF WELLINGTON  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Wellington  
Lorain County  
115 Willard Memorial Square  
Wellington, Ohio 44090

To the Members of Village Council  
and the Board of Public Affairs:

We have audited the accompanying financial statements of the Village of Wellington, Lorain County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Wellington, Lorain County, Ohio, as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, Village Council, the Board of Public Affairs, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

April 14, 2000

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**VILLAGE OF WELLINGTON**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND**  
**CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

|                                                                                                                      | Governmental Fund Types |                    |                  |                     | (Memorandum<br>Only) |
|----------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|------------------|---------------------|----------------------|
|                                                                                                                      | General                 | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects | Total                |
| <b>Receipts:</b>                                                                                                     |                         |                    |                  |                     |                      |
| Local Taxes                                                                                                          | \$182,960               | \$974,122          | \$0              | \$57,674            | \$1,214,756          |
| Intergovernmental                                                                                                    | 301,926                 | 139,560            | 0                | 0                   | 441,486              |
| Special Assessments                                                                                                  | 0                       | 0                  | 98,159           | 0                   | 98,159               |
| Charges for Services                                                                                                 | 68,400                  | 12,679             | 0                | 0                   | 81,079               |
| Fines, Licenses, and Permits                                                                                         | 97,550                  | 0                  | 0                | 0                   | 97,550               |
| Interest                                                                                                             | 210,562                 | 10,851             | 0                | 0                   | 221,413              |
| Miscellaneous                                                                                                        | 43,446                  | 0                  | 0                | 0                   | 43,446               |
| <b>Total Receipts</b>                                                                                                | <b>904,844</b>          | <b>1,137,212</b>   | <b>98,159</b>    | <b>57,674</b>       | <b>2,197,889</b>     |
| <b>Disbursements:</b>                                                                                                |                         |                    |                  |                     |                      |
| <b>Current:</b>                                                                                                      |                         |                    |                  |                     |                      |
| Security of Persons and Property                                                                                     | 587,072                 | 40,035             | 0                | 0                   | 627,107              |
| Public Health Services                                                                                               | 40,228                  | 2,000              | 0                | 0                   | 42,228               |
| Leisure Time Activities                                                                                              | 32,178                  | 11,232             | 0                | 0                   | 43,410               |
| Community Environment                                                                                                | 49,922                  | 0                  | 0                | 0                   | 49,922               |
| Transportation                                                                                                       | 493,084                 | 32,330             | 0                | 0                   | 525,414              |
| General Government                                                                                                   | 304,818                 | 30,753             | 0                | 0                   | 335,571              |
| <b>Debt Service:</b>                                                                                                 |                         |                    |                  |                     |                      |
| Redemption of Principal                                                                                              | 255,000                 | 0                  | 87,023           | 147,000             | 489,023              |
| Interest                                                                                                             | 0                       | 0                  | 66,106           | 15,501              | 81,607               |
| Capital Outlay                                                                                                       | 269,100                 | 25,704             | 0                | 782,549             | 1,077,353            |
| <b>Total Disbursements</b>                                                                                           | <b>2,031,402</b>        | <b>142,054</b>     | <b>153,129</b>   | <b>945,050</b>      | <b>3,271,635</b>     |
| <b>Total receipts over/(under) disbursements</b>                                                                     | <b>(1,126,558)</b>      | <b>995,158</b>     | <b>(54,970)</b>  | <b>(887,376)</b>    | <b>(1,073,746)</b>   |
| <b>Other financing receipts/(disbursements):</b>                                                                     |                         |                    |                  |                     |                      |
| <b>Proceeds from Sale of Public Debt</b>                                                                             |                         |                    |                  |                     |                      |
| Sale of Bonds                                                                                                        | 0                       | 0                  | 53,000           | 0                   | 53,000               |
| Loan Proceeds                                                                                                        | 0                       | 0                  | 0                | 257,864             | 257,864              |
| Transfers-In                                                                                                         | 795,000                 | 0                  | 0                | 265,000             | 1,060,000            |
| Transfers-Out                                                                                                        | 0                       | (1,060,000)        | 0                | 0                   | (1,060,000)          |
| <b>Total other financing receipts/(disbursements)</b>                                                                | <b>795,000</b>          | <b>(1,060,000)</b> | <b>53,000</b>    | <b>522,864</b>      | <b>310,864</b>       |
| <b>Excess of receipts and other financing receipts over/ (under) disbursements and other financing disbursements</b> | <b>(331,558)</b>        | <b>(64,842)</b>    | <b>(1,970)</b>   | <b>(364,512)</b>    | <b>(762,882)</b>     |
| <b>Fund Balances January 1, 1999</b>                                                                                 | <b>547,715</b>          | <b>479,642</b>     | <b>105,119</b>   | <b>438,801</b>      | <b>1,571,277</b>     |
| <b>Fund Balances, December 31, 1999</b>                                                                              | <b>\$216,157</b>        | <b>\$414,800</b>   | <b>\$103,149</b> | <b>\$74,289</b>     | <b>\$808,395</b>     |
| <b>Reserve for encumbrances, December 31, 1999</b>                                                                   | <b>\$82,345</b>         | <b>\$49,335</b>    | <b>\$0</b>       | <b>\$33,368</b>     | <b>\$165,048</b>     |

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

**VILLAGE OF WELLINGTON**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH**  
**BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND -**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

|                                             | Proprietary<br>Fund Type | Fiduciary<br>Fund Type | (Memorandum<br>Only) |
|---------------------------------------------|--------------------------|------------------------|----------------------|
|                                             | Enterprise               | Agency                 | Total                |
| Operating Receipts:                         |                          |                        |                      |
| Charges for Services                        | \$5,617,001              | \$0                    | \$5,617,001          |
| Miscellaneous                               | 409,534                  | 0                      | 409,534              |
| Total Operating Receipts                    | <u>6,026,535</u>         | <u>0</u>               | <u>6,026,535</u>     |
| Operating Disbursements:                    |                          |                        |                      |
| Personal Services                           | 1,228,429                | 0                      | 1,228,429            |
| Travel Transportation                       | 3,817                    | 0                      | 3,817                |
| Contractual Services                        | 3,314,751                | 0                      | 3,314,751            |
| Supplies and Materials                      | 386,475                  | 0                      | 386,475              |
| Capital Outlay                              | 469,926                  | 0                      | 469,926              |
| Total Operating Disbursements               | <u>5,403,398</u>         | <u>0</u>               | <u>5,403,398</u>     |
| Operating Income/(Loss)                     | <u>623,137</u>           | <u>0</u>               | <u>623,137</u>       |
| Non-operating Receipts:                     |                          |                        |                      |
| Intergovernmental Revenues                  | 15,196                   | 0                      | 15,196               |
| Loan Proceeds                               | 97,483                   | 0                      | 97,483               |
| Total Non-operating Receipts                | <u>112,679</u>           | <u>0</u>               | <u>112,679</u>       |
| Non-operating Disbursements:                |                          |                        |                      |
| Debt Service                                | 348,694                  | 0                      | 348,694              |
| Total Non-operating Disbursements           | <u>348,694</u>           | <u>0</u>               | <u>348,694</u>       |
| Net receipts over/(under) disbursements     | 387,122                  | 0                      | 387,122              |
| Fund Balances, January 1, 1999              | <u>3,606,405</u>         | <u>5,000</u>           | <u>3,611,405</u>     |
| Fund Balances, December 31, 1999            | <u>\$3,993,527</u>       | <u>\$5,000</u>         | <u>\$3,998,527</u>   |
| Reserve for encumbrances, December 31, 1999 | <u>\$307,579</u>         | <u>\$0</u>             | <u>\$307,579</u>     |

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

**VILLAGE OF WELLINGTON**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND**  
**CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

|                                                                                                                      | Governmental Fund Types |                    |                  |                     | (Memorandum<br>Only) |
|----------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|------------------|---------------------|----------------------|
|                                                                                                                      | General                 | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects | Total                |
| Receipts:                                                                                                            |                         |                    |                  |                     |                      |
| Local Taxes                                                                                                          | \$187,661               | \$896,299          | \$0              | \$0                 | \$1,083,960          |
| Intergovernmental                                                                                                    | 236,298                 | 156,477            | 0                | 170,236             | 563,011              |
| Special Assessments                                                                                                  | 0                       | 0                  | 101,763          | 0                   | 101,763              |
| Charges for Services                                                                                                 | 32,800                  | 14,668             | 0                | 15,476              | 62,944               |
| Fines, Licenses, and Permits                                                                                         | 100,522                 | 0                  | 0                | 0                   | 100,522              |
| Interest                                                                                                             | 220,257                 | 14,588             | 0                | 0                   | 234,845              |
| Miscellaneous                                                                                                        | 173,195                 | 0                  | 0                | 6,268               | 179,463              |
| <b>Total Receipts</b>                                                                                                | <b>950,733</b>          | <b>1,082,032</b>   | <b>101,763</b>   | <b>191,980</b>      | <b>2,326,508</b>     |
| Disbursements:                                                                                                       |                         |                    |                  |                     |                      |
| Current:                                                                                                             |                         |                    |                  |                     |                      |
| Security of Persons and Property                                                                                     | 544,290                 | 41,680             | 0                | 0                   | 585,970              |
| Public Health Services                                                                                               | 20,574                  | 0                  | 0                | 0                   | 20,574               |
| Leisure Time Activities                                                                                              | 32,379                  | 15,304             | 0                | 0                   | 47,683               |
| Community Environment                                                                                                | 85,399                  | 0                  | 0                | 0                   | 85,399               |
| Transportation                                                                                                       | 412,104                 | 55,317             | 0                | 0                   | 467,421              |
| General Government                                                                                                   | 218,320                 | 26,640             | 0                | 0                   | 244,960              |
| Debt Service:                                                                                                        |                         |                    |                  |                     |                      |
| Redemption of Principal                                                                                              | 0                       | 0                  | 53,000           | 0                   | 53,000               |
| Interest                                                                                                             | 0                       | 0                  | 42,683           | 0                   | 42,683               |
| Capital Outlay                                                                                                       | 184,296                 | 78,511             | 0                | 390,998             | 653,805              |
| <b>Total Disbursements</b>                                                                                           | <b>1,497,362</b>        | <b>217,452</b>     | <b>95,683</b>    | <b>390,998</b>      | <b>2,201,495</b>     |
| <b>Total receipts over/(under) disbursements</b>                                                                     | <b>(546,629)</b>        | <b>864,580</b>     | <b>6,080</b>     | <b>(199,018)</b>    | <b>125,013</b>       |
| Other financing receipts/(disbursements):                                                                            |                         |                    |                  |                     |                      |
| Proceeds from Sale of Public Debt                                                                                    |                         |                    |                  |                     |                      |
| Sale of Notes                                                                                                        | 0                       | 0                  | 0                | 415,000             | 415,000              |
| Transfers-In                                                                                                         | 562,500                 | 0                  | 0                | 187,500             | 750,000              |
| Transfers-Out                                                                                                        | 0                       | (750,000)          | 0                | 0                   | (750,000)            |
| <b>Total other financing receipts/(disbursements)</b>                                                                | <b>562,500</b>          | <b>(750,000)</b>   | <b>0</b>         | <b>602,500</b>      | <b>415,000</b>       |
| <b>Excess of receipts and other financing receipts over/ (under) disbursements and other financing disbursements</b> | <b>15,871</b>           | <b>114,580</b>     | <b>6,080</b>     | <b>403,482</b>      | <b>540,013</b>       |
| Fund Balances January 1, 1998                                                                                        | 531,844                 | 365,062            | 99,039           | 35,319              | 1,031,264            |
| Fund Balances, December 31, 1998                                                                                     | <u>\$547,715</u>        | <u>\$479,642</u>   | <u>\$105,119</u> | <u>\$438,801</u>    | <u>\$1,571,277</u>   |
| Reserve for encumbrances, December 31, 1998                                                                          | <u>\$36,460</u>         | <u>\$4,335</u>     | <u>\$0</u>       | <u>\$57,991</u>     | <u>\$98,786</u>      |

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

**VILLAGE OF WELLINGTON**  
**COMBINED STATEMENT OF CASH RECEUPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH**  
**BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND -**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

|                                                                                          | Proprietary<br>Fund Type | Fiduciary<br>Fund Type | (Memorandum<br>Only) |
|------------------------------------------------------------------------------------------|--------------------------|------------------------|----------------------|
|                                                                                          | Enterprise               | Agency                 | Total                |
| Operating Receipts:                                                                      |                          |                        |                      |
| Charges for Services                                                                     | \$5,403,127              | \$0                    | \$5,403,127          |
| Miscellaneous                                                                            | 252,595                  | 0                      | 252,595              |
| Total Operating Receipts                                                                 | <u>5,655,722</u>         | <u>0</u>               | <u>5,655,722</u>     |
| Operating Disbursements:                                                                 |                          |                        |                      |
| Personal Services                                                                        | 1,260,804                | 0                      | 1,260,804            |
| Travel Transportation                                                                    | 4,640                    | 0                      | 4,640                |
| Contractual Services                                                                     | 3,091,588                | 0                      | 3,091,588            |
| Supplies and Materials                                                                   | 293,766                  | 0                      | 293,766              |
| Capital Outlay                                                                           | 2,357,411                | 0                      | 2,357,411            |
| Total Operating Disbursements                                                            | <u>7,008,209</u>         | <u>0</u>               | <u>7,008,209</u>     |
| Operating Income/(Loss)                                                                  | <u>(1,352,487)</u>       | <u>0</u>               | <u>(1,352,487)</u>   |
| Non-operating Receipts:                                                                  |                          |                        |                      |
| Proceeds from Sale of Public Debt:                                                       |                          |                        |                      |
| Loan Proceeds                                                                            | 1,548,747                | 0                      | 1,548,747            |
| Total Non-operating Receipts                                                             | <u>1,548,747</u>         | <u>0</u>               | <u>1,548,747</u>     |
| Non-operating Disbursements:                                                             |                          |                        |                      |
| Debt Service                                                                             | 202,661                  | 0                      | 202,661              |
| Total Non-operating Disbursements                                                        | <u>202,661</u>           | <u>0</u>               | <u>202,661</u>       |
| Excess of receipts over/(under) disbursements<br>before interfund transfers and advances | 398,921                  | 0                      | 398,921              |
| Fund Balances, January 1, 1998                                                           | <u>3,207,484</u>         | <u>5,000</u>           | <u>3,212,484</u>     |
| Fund Balances, December 31, 1998                                                         | <u>\$3,606,405</u>       | <u>\$5,000</u>         | <u>\$3,611,405</u>   |
| Reserve for encumbrances, December 31, 1998                                              | <u>\$250,229</u>         | <u>\$0</u>             | <u>\$250,229</u>     |

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

**VILLAGE OF WELLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Wellington, Lorain County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council and Mayor. The Village provides general governmental services, including park operations (recreation), street maintenance, and police services. The Board of Public Affairs, an elected three-member board, directs the enterprise activities of the Village, including water, sewer, and electric utilities. The Village is affiliated with the following organizations:

*South Lorain County Ambulance District* - The Ambulance District is directed by an appointed seven-member Board of Trustees representing the Village of Wellington, and Wellington, Huntington, Penfield, Rochester, Brighton, and Pittsfield Townships. The Ambulance District provides emergency medical services to the residents within the Ambulance District.

*Wellington Community Fire District* - The Fire District is directed by an appointed six-member Board of Trustees. One Board member is appointed by each political subdivision within the Fire District. Those subdivisions are Brighton, Huntington, Penfield, Pittsfield and Wellington Townships and Wellington Village. The Fire District provides fire protection and rescue services within the Fire District and by contract to areas outside the Fire District.

*Wellington Union Cemetery* - The Cemetery is jointly owned by the Village of Wellington and Wellington Township, and is directed by an appointed three-member Board of Trustees. The Cemetery provides for the sale of burial lots, grave openings and closings, and the perpetual care of graves to residents of the Village and Township. The Cemetery operates and maintains the West Herrick Cemetery and Greenwood Cemetery, both located in the Village.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Ohio Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost. The investment in STAR Ohio (State of Ohio Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**VILLAGE OF WELLINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

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

**D. Fund Accounting (Continued)**

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

*Street Construction, Maintenance and Repair Fund* - This fund is used to account for gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

*Income Tax Fund* - This fund is used to account for the municipal income tax for operating expenses of the municipality and for capital improvements.

**Debt Service Funds**

The Special Assessment Bond Retirement Fund is used to account for resources for the payment of bond indebtedness.

**Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

*Capital Improvement Fund* - This fund is used to account for proceeds of general obligation notes and other grants or aid. The proceeds are being used for various street improvement projects.

**Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

*Sewer Fund* - This fund is used to account for charges for services from residents to cover the cost of providing this utility. This fund is also used to account for loan proceeds from the Ohio Water Development Authority to fund a utility plant expansion. This loan will be repaid from a utility surcharge, also accounted for in this fund.

*Electric Fund* - This fund is used to account for charges for services from residents to cover the cost of providing this utility.

**Fiduciary Fund (Agency Fund)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Agency Fund:

*Cable TV Escrow Fund*- The ending balance of this fund serves as a security deposit from the cable company.

**VILLAGE OF WELLINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

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

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**Estimated Resources**

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

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The Lorain County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**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. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF WELLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**2. POOLED CASH AND INVESTMENTS**

The Village 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 was as follows:

|                                | <u>1999</u>        | <u>1998</u>        |
|--------------------------------|--------------------|--------------------|
| Demand deposits                | \$627,590          | \$269,129          |
| Certificates of deposit        | <u>495,000</u>     | <u>495,000</u>     |
| Total deposits                 | <u>1,122,590</u>   | <u>764,129</u>     |
| STAR Ohio                      | 3,226,010          | 4,013,231          |
| Manuscript Bond                | <u>53,000</u>      | <u>0</u>           |
| Total investments              | <u>3,279,010</u>   | <u>4,013,231</u>   |
| Total deposits and investments | <u>\$4,401,600</u> | <u>\$4,777,360</u> |

**Deposits:**

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

**Investments:**

Investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form. The manuscript bond, owned by the Bond Retirement Fund, partially financed the retirement of the Kent/South Prospect Street special assessment project note.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

| <u>Fund Type</u> | <u>1999 Budgeted vs. Actual Receipts</u> |                        |                  |
|------------------|------------------------------------------|------------------------|------------------|
|                  | <u>Budgeted Receipts</u>                 | <u>Actual Receipts</u> | <u>Variance</u>  |
| General          | \$1,492,789                              | \$1,699,844            | \$207,055        |
| Special Revenue  | 1,148,544                                | 1,137,212              | (11,332)         |
| Debt Service     | 130,000                                  | 151,159                | 21,159           |
| Capital Projects | 914,681                                  | 580,538                | (334,143)        |
| Enterprise       | <u>5,353,000</u>                         | <u>6,139,214</u>       | <u>786,214</u>   |
| Total            | <u>\$9,039,014</u>                       | <u>\$9,707,967</u>     | <u>\$668,953</u> |

**VILLAGE OF WELLINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

| <u>1999 Budgeted vs. Actual Budgetary Basis Expenditures</u> |                                |                               |                  |
|--------------------------------------------------------------|--------------------------------|-------------------------------|------------------|
| <u>Fund Type</u>                                             | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u>  |
| General                                                      | \$2,033,960                    | \$2,113,747                   | (\$79,787)       |
| Special Revenue                                              | 1,276,434                      | 1,251,389                     | 25,045           |
| Debt Service                                                 | 101,000                        | 153,129                       | (52,129)         |
| Capital Projects                                             | 1,128,736                      | 978,418                       | 150,318          |
| Enterprise                                                   | <u>6,414,228</u>               | <u>6,059,671</u>              | <u>354,557</u>   |
| Total                                                        | <u>\$10,954,358</u>            | <u>\$10,556,354</u>           | <u>\$398,004</u> |

| <u>1998 Budgeted vs. Actual Receipts</u> |                          |                        |                   |
|------------------------------------------|--------------------------|------------------------|-------------------|
| <u>Fund Type</u>                         | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u>   |
| General                                  | \$1,321,958              | \$1,513,233            | \$191,275         |
| Special Revenue                          | 1,104,504                | 1,082,032              | (22,472)          |
| Debt Service                             | 120,000                  | 101,763                | (18,237)          |
| Capital Projects                         | 1,030,000                | 794,480                | (235,520)         |
| Enterprise                               | <u>7,140,000</u>         | <u>7,204,469</u>       | <u>64,469</u>     |
| Total                                    | <u>\$10,716,462</u>      | <u>\$10,695,977</u>    | <u>(\$20,485)</u> |

| <u>1998 Budgeted vs. Actual Budgetary Basis Expenditures</u> |                                |                               |                    |
|--------------------------------------------------------------|--------------------------------|-------------------------------|--------------------|
| <u>Fund Type</u>                                             | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u>    |
| General                                                      | \$1,423,737                    | \$1,533,821                   | (\$110,084)        |
| Special Revenue                                              | 1,185,629                      | 221,787                       | 963,842            |
| Debt Service                                                 | 102,000                        | 95,683                        | 6,317              |
| Capital Projects                                             | 971,971                        | 448,989                       | 522,982            |
| Enterprise                                                   | <u>7,916,555</u>               | <u>7,461,099</u>              | <u>455,456</u>     |
| Total                                                        | <u>\$11,599,892</u>            | <u>\$9,761,379</u>            | <u>\$1,838,513</u> |

Ohio Rev. Code Section 5705.41(B) prohibits expenditures from exceeding appropriations. In 1998, the expenditures of the Storm Sewer Enterprise Fund exceeded established appropriations by 67%. In 1999, the expenditures of the Debt Service Fund and the Cops Fast Grant Special Revenue Fund exceeded established appropriations by 52% and 53%, respectively.

**VILLAGE OF WELLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding estimated resources. In 1998, the appropriations of the Cops Fast Grant Special Revenue Fund and the Storm Sewer Enterprise Fund exceeded the amount of certified resources.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The Ohio Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State of Ohio, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to Lorain 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.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the Lorain County Auditor. The property owners must file a list of such property with the Lorain County by each April 30.

The Lorain County Auditor and Treasurer are responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. INCOME TAXES**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency or business activities within the Village. Employers within the Village are required to withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By Village ordinance, income tax proceeds are credited to the Income Tax (Special Revenue) Fund.

**6. DEBT**

Debt outstanding at December 31, 1999 was as follows:

|                                       | <u>Principal</u>   | <u>Interest Rates</u> |
|---------------------------------------|--------------------|-----------------------|
| Ohio Water Development Authority Loan | \$3,437,470        | 5.86 to 8.4%          |
| General Obligation Bonds              | 610,000            | 4.1 to 6.38%          |
| Special Assessment Bonds              | 571,000            | 4.9 to 12.5%          |
| Ohio Public Works Loan                | <u>393,364</u>     | None                  |
| Total                                 | <u>\$5,011,834</u> |                       |

The Ohio Water Development Authority (OWDA) loan relates to a water, sewer, and storm sewer projects. The loans will be repaid in semiannual installments, including interest, over a period up to 25 years. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed.

The General Obligation Bonds are for improvements to the Village's electric utility.

**VILLAGE OF WELLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**6. DEBT (Continued)**

The Ohio Public Works Commission (OPWC) loans financed waterline improvements and replacements.

The Special Assessment Bonds are for street improvements.

With the exception of the special assessment debt, all principal and interest payments are funded through utility user charges. Amortization of the above debt, including interest, is scheduled as follows:

| <u>Year Ending<br/>December 31:</u> | <u>Principal</u>   | <u>Interest</u>    | <u>Total</u>       |
|-------------------------------------|--------------------|--------------------|--------------------|
| 2000                                | \$188,269          | \$206,595          | \$394,864          |
| 2001                                | 235,900            | 274,506            | 510,406            |
| 2002                                | 238,695            | 260,784            | 499,479            |
| 2003                                | 207,644            | 247,988            | 455,632            |
| 2004                                | 191,185            | 236,595            | 427,780            |
| 2005 - 2009                         | 1,015,861          | 1,021,194          | 2,037,055          |
| 2010 - 2014                         | 973,147            | 744,573            | 1,717,720          |
| 2015 - 2019                         | 1,050,977          | 472,065            | 1,523,042          |
| 2020 - 2024                         | <u>910,156</u>     | <u>154,163</u>     | <u>1,064,319</u>   |
| Total                               | <u>\$5,011,834</u> | <u>\$3,618,463</u> | <u>\$8,630,297</u> |

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**8. RISK MANAGEMENT**

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

**VILLAGE OF WELLINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**8. RISK MANAGEMENT (Continued)**

- General liability and casualty
- Public officials' liability
- Vehicle

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the State of Ohio. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**10. RELATED PARTY TRANSACTIONS**

A Village Council member is owner of a company from which the Village acquired hardware, tools, and miscellaneous supplies during 1998 and 1999. The Village paid \$25,556 and \$29,282, respectively, for these acquisitions.



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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Wellington  
Lorain County  
115 Willard Memorial Square  
Wellington, Ohio 44090

To the Members of Village Council  
and Board of Public Affairs:

We have audited the financial statements of the Village of Wellington, Lorain County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated April 14, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-30847-001 and 1999-30847-002. We also noted instances of noncompliance that we have reported to the management of the Village in a separate letter dated April 14, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated April 14, 2000.

This report is intended for the information and use of management, Village Council, the Board of Public Affairs, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

April 14, 2000

**VILLAGE OF WELLINGTON  
SCHEDULE OF FINDINGS**

|                                                                                                          |
|----------------------------------------------------------------------------------------------------------|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|----------------------------------------------------------------------------------------------------------|

|                       |                       |
|-----------------------|-----------------------|
| <b>Finding Number</b> | <b>1999-30847-001</b> |
|-----------------------|-----------------------|

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 1998, the expenditures of the Storm Sewer Enterprise Fund exceeded established appropriations as follows:

| <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> | <u>Percentage Variance</u> |
|--------------------------------|-------------------------------|-----------------|----------------------------|
| \$244,491                      | \$408,979                     | \$(164,488)     | (67)%                      |

In 1999, the expenditures of the Debt Service Fund and the Cops Fast Grant Special Revenue Fund exceeded established appropriations as follows:

|              | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> | <u>Percentage Variance</u> |
|--------------|--------------------------------|-------------------------------|-----------------|----------------------------|
| Debt Service | \$101,000                      | \$153,129                     | \$(52,129)      | (52)%                      |
| Cops Fast    | \$13,100                       | \$20,028                      | \$(6,928)       | (53)%                      |

We recommend that the Clerk-Treasurer monitor the expenditures of the Village and, when necessary, request an amendment to the appropriation ordinance from Council.

|                       |                       |
|-----------------------|-----------------------|
| <b>Finding Number</b> | <b>1999-30847-002</b> |
|-----------------------|-----------------------|

Ohio Rev. Code Section 5705.39 states that the total appropriations made during the fiscal year from any fund shall not exceed the amount set forth as available for expenditure from such fund in the official certificate of estimated resources, or any amendment thereof, certified prior to the making of the appropriation or supplemental appropriation.

In 1998, the appropriations of the Cops Fast Grant Special Revenue Fund and Storm Sewer Enterprise Fund exceeded the amount of certified resources as follows:

|             | <u>Estimated Resources</u> | <u>Appropriation Authority</u> | <u>Variance</u> | <u>Percentage Variance</u> |
|-------------|----------------------------|--------------------------------|-----------------|----------------------------|
| Cops Fast   | \$11,355                   | \$32,500                       | \$(21,145)      | (19)%                      |
| Storm Sewer | \$9,957                    | \$200,000                      | \$(190,043)     | (190)%                     |





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VILLAGE OF WELLINGTON

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  
MAY 25, 2000