



**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000**



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

---

**STATE OF OHIO**



WELLINGTON TOWNSHIP  
LORAIN COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2000 .....	4
Notes to the Financial Statements .....	5
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

## REPORT OF INDEPENDENT ACCOUNTANTS

Wellington Township  
Lorain County  
115 Willard Memorial Square  
Wellington, Ohio 44090

To the Board of Trustees:

We have audited the accompanying financial statements of Wellington Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 described in Note 1, the Township 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 Wellington Township, Lorain County, Ohio, as of December 31, 2001 and December 31, 2000, 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 November 1, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees 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". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

November 1, 2002

**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Local Taxes	\$37,030	\$77,059	\$77,421	\$191,510
Intergovernmental	124,878	87,830	8,129	220,837
Licenses, Permits, and Fees	2,405	0	0	2,405
Earnings on Investments	45,861	0	0	45,861
Other Revenue	1,647	0	0	1,647
<b>Total Cash Receipts</b>	<b>211,821</b>	<b>164,889</b>	<b>85,550</b>	<b>462,260</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	70,999	21,131	1,243	93,373
Public Safety	0	140,974	0	140,974
Public Works	752	0	0	752
Debt Service:				
Redemption of Principal	0	0	30,000	30,000
Interest and Fiscal Charges	0	0	13,687	13,687
Capital Outlay	8,400	0	0	8,400
<b>Total Cash Disbursements</b>	<b>80,151</b>	<b>162,105</b>	<b>44,930</b>	<b>287,186</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>131,670</b>	<b>2,784</b>	<b>40,620</b>	<b>175,074</b>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	0	15,000	0	15,000
Transfers-Out	(15,000)	0	0	(15,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(15,000)</b>	<b>15,000</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	116,670	17,784	40,620	175,074
Fund Cash Balances, January 1	143,651	99,740	653,094	896,485
<b>Fund Cash Balances, December 31</b>	<b>\$260,321</b>	<b>\$117,524</b>	<b>\$693,714</b>	<b>\$1,071,559</b>
Reserve for Encumbrances, December 31	\$13,190	\$8,798	\$0	\$21,988

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

**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Local Taxes	\$38,317	\$73,513	\$95,894	\$207,724
Intergovernmental	81,243	86,118	9,430	176,791
Licenses, Permits, and Fees	2,275	0	0	2,275
Earnings on Investments	21,478	732	0	22,210
Other Revenue	4,446	0	0	4,446
<b>Total Cash Receipts</b>	<b>147,759</b>	<b>160,363</b>	<b>105,324</b>	<b>413,446</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	76,202	21,353	0	97,555
Public Works	801	166,910	0	167,711
Debt Service:				
Redemption of Principal	0	0	35,000	35,000
Interest and Fiscal Charges	0	0	16,881	16,881
Capital Outlay	6,115	0	0	6,115
<b>Total Cash Disbursements</b>	<b>83,118</b>	<b>188,263</b>	<b>51,881</b>	<b>323,262</b>
Total Receipts Over/(Under) Disbursements	64,641	(27,900)	53,443	90,184
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	0	20,000	0	20,000
Transfers-Out	(20,000)	0	0	(20,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(20,000)</b>	<b>20,000</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	44,641	(7,900)	53,443	90,184
Fund Cash Balances, January 1	99,010	107,640	599,651	806,301
<b>Fund Cash Balances, December 31</b>	<b>\$143,651</b>	<b>\$99,740</b>	<b>\$653,094</b>	<b>\$896,485</b>
Reserve for Encumbrances, December 31	\$8,845	\$6,072	\$0	\$14,917

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

**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Wellington Township, Lorain County, Ohio (the Township) 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 Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services including road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services. The Township's police protection is provided by the Lorain County Sheriff, and the Township is member of the Wellington Community Fire District which provides fire services and the South Lorain County Ambulance District which provides ambulance services.

The Township is associated with the following organizations: the South Lorain County Ambulance District; the Wellington Union Cemetery Association; the Wellington Community Fire District; the South Lorain County Historical Society; and the Herrick Memorial Library. One of the Township Trustees serves on the Board for the South Lorain County Ambulance District, Wellington Union Cemetery Association, and Wellington Community Fire District. The Township Trustees appoint a board member to the Historical Society and the Library.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements 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 Auditor of State.

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. 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 Township had the following significant Special Revenue Funds:

*Gasoline Tax Fund* - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

*Road and Bridge Fund* - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**3. Debt Service Fund**

The Debt Service Fund is used to accumulate resources for the payment of Township debt and Library bonds.

**4. 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 Township had the following significant capital project fund:

*Issue II Fund* – Issue II funds are received from the State of Ohio and are used to repair or reconstruct Township roads. The Township did not receive or disburse any Issue II funds during the audit period.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**E. Budgetary Process (Continued)**

**3. Encumbrances**

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

A summary of 2001 and 2000 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.

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

The Township 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:

	2001	2000
Demand deposits	(\$35,061)	(\$1,023)
Certificates of deposit	586,620	552,508
Total deposits	551,559	551,485
Repurchase agreement	520,000	345,000
Total investments	520,000	345,000
Total deposits and investments	\$1,071,559	\$896,485

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

**Investments:** Investments in Repurchase Agreements are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name.

Contrary to Ohio Revised Code Sections 135.22, the Township Clerk did not complete annual continuing programs provided by the Treasurer of State pertaining to investments.

**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,143	\$211,821	\$103,678
Special Revenue	203,761	179,889	(23,872)
Debt Service	100,505	85,550	(14,955)
Total	<u>\$412,409</u>	<u>\$477,260</u>	<u>\$64,851</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$158,400	\$108,341	\$50,059
Special Revenue	190,700	170,903	19,797
Debt Service	60,800	44,930	15,870
Total	<u>\$409,900</u>	<u>\$324,174</u>	<u>\$85,726</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,216	\$147,759	\$24,543
Special Revenue	201,351	180,363	(20,988)
Debt Service	116,406	105,324	(11,082)
Total	<u>\$440,973</u>	<u>\$433,446</u>	<u>(\$7,527)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$162,400	\$111,963	\$50,437
Special Revenue	211,705	194,335	17,370
Debt Service	60,800	51,881	8,919
Total	<u>\$434,905</u>	<u>\$358,179</u>	<u>\$76,726</u>

**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio Revised Code Sections 5705.36, the Township certified, to the county auditor, tax revenues not due to the Township in FY 2001 and 2000 in the Wellington Community Fire District and South Lorain County Ambulance District Funds.

The Township did not always certify the availability and encumber funds, prior to making any contract or ordering any expenditure of money, in either year under audit, contrary to Ohio Rev. Code Section 5705.41(D).

Contrary to Ohio Revised Code Section 5705.41(B), budgetary expenditures exceeded appropriation authority, at the legal level of budgetary control for the Gas Tax Fund at December 31, 2001.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State 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, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$120,000	5%

The general obligation bonds are for a Library Improvement Issue. The Township is the taxing authority for the Herrick Memorial Library and must issue all debt on behalf of the Library

**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. DEBT (Continued)**

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>General Obligation Bonds</u>
2002	\$40,950
2003	38,213
2004	35,475
2005	32,738
Total	<u><u>\$147,376</u></u>

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will insure.

**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, the Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

**This page intentionally left blank.**



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Lausche Building  
615 Superior Avenue, NW.  
Twelfth Floor  
Cleveland, Ohio 44113-1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

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

Wellington Township  
Lorain County  
115 Willard Memorial Square  
Wellington, Ohio 44090

To the Board of Trustees:

We have audited the financial statements of Wellington Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated November 1, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Township'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 audit 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 2001-40847-001 through 2001-40847-004. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated November 1, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Township'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 management of the Township in a separate letter dated November 1, 2002.

Wellington Township  
Lorain County  
Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of management, and the Board of Trustees, 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 stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

November 1, 2002

**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

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

**FINDING NUMBER 2001-40847-001**

Ohio Rev. Code Section 5705.36 requires in part that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the proceeding year.

In fiscal year 2001, the Township incorrectly included \$67,144 in tax revenue of the South Lorain County Ambulance District and \$79,585 in tax revenues of the Wellington Community Fire District, which are separate taxing authorities, in the total amount from all sources which was available for expenditures from each fund in the amounts they certified to the county auditor.

In fiscal year 2000, the Township incorrectly included \$68,419 in tax revenue of the South Lorain County Ambulance District and \$71,003 in tax revenue of the Wellington Community Fire District, which are separate taxing authorities in the total amount from all sources which was available for expenditures from each fund in the amounts they certified to the county auditor.

Per Ohio Rev. Code Sections 505.24 and 507.09, the compensation of township trustees and clerks is based on the township's budget. 1999 Op. Att'y Gen. No. 99-015 states in part "for purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate."

Incorrectly including the South Lorain County Ambulance District and Wellington Community Fire District tax revenues on the Township's certificate of estimated resources may cause the Township Trustees and Clerk to be over compensated if these additional amounts force the budget into a range which provides a higher level of compensation. This did not occur during the period under audit.

The Township must take steps to ensure that only township revenues and allowable revenues and fund balances are certified to the county auditor per the above Ohio Revised Code Sections.

**FINDING NUMBER 2001-40847-002**

Ohio Revised Code Section 5705.41(D), requires in part that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from previous encumbrances.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipt of such certificates, if such expenditure is otherwise valid.

**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**FINDING NUMBER 2001-40847-002  
(Continued)**

B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

During 2001 and 2000, in 18 out of 60 items tested, the Township Clerk certified the availability of funds after the purchase commitment was already made.

We recommend that the Township utilize purchase orders and certify the funds prior to making the purchase commitments. We also recommend the Township utilize the "Then and Now Certificates" when appropriate.

**FINDING NUMBER 2001-40847-003**

Ohio Rev. Code Sections 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated. The Township's legal level of budgetary control is at the object level for the General Fund and fund level for all other funds.

The following fund had expenditures exceeding appropriations at the legal level of budgetary control on December 31, 2001:

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Gasoline Tax Fund	\$ 48,000	\$ 58,920	(\$ 10,920)

This weakness could allow expenditures in the above fund to exceed the total of the available fund balance and the current year revenues. This would then result in a negative cash fund balance.

We recommend the Township compare appropriations to expenditures and appropriations to expenditures plus encumbrances at the legal level of budgetary control, in all funds which are legally required to be budgeted, to ensure compliance with this requirement. This comparison should be performed on a monthly basis, at minimum.

**FINDING NUMBER 2001-40847-004**

Ohio Rev. Code Section 135.22 requires that subdivision treasurers must complete annual continuing education programs provided by the Treasurer of State. The Treasurer of State issues a certificate indicating that the treasurer has successfully completed the continuing education program. Without fulfilling the continuing education requirement, treasurers can only invest in interim deposits and STAR Ohio pursuant to Ohio Rev. Code Sections 135.14 (B) (3) and (6).

**WELLINGTON TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2001-40847-004  
(Continued)**

During the audit period, the Township Clerk invested Township funds in Repurchase Agreements without receiving the required continuing education.

By making investments without receiving the required continuing education, the Township's funds may be exposed to additional risk.

If the Township wishes to invest in instruments other than interim deposits and STAR Ohio, the Township Clerk must receive the required continuing education.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**WELLINGTON TOWNSHIP**

**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  
NOVEMBER 26, 2002**