

**VILLAGE OF WELLINGTON
LORAIN COUNTY
Regular Audit
For the Year Ended December 31, 2012**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Wellington
115 Willard Memorial Square
Wellington, Ohio 44090

We have reviewed the *Independent Auditor's Report* of the Village of Wellington, Lorain County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Wellington is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 12, 2013

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**VILLAGE OF WELLINGTON
LORAIN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

June 27, 2013

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Wellington**, Lorain County, Ohio (the Village), as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2C describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

Auditor's Responsibility (Continued)

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 Village'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 Village'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wellington, Lorain County, Ohio, as of December 31, 2012, and the respective changes in cash financial position and the budgetary comparison for the General Fund, thereof for the year then ended in accordance with the accounting basis described in Note 2C.

Accounting Basis

We draw attention to Note 2C of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

Change in Accounting Principles

As described in Note 3, during 2012 the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Village's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position, governmental activities and debt. These tables provide additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Supplemental and Other Information (Continued)

These tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013, 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 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 Village's internal control over financial reporting and compliance.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

This discussion and analysis of the Village of Wellington, Ohio's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2012, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Financial Highlights

Key highlights for 2012 are as follows

The net position of governmental activities decreased \$ 112,104 or 4.4 percent from 2011. This was the result of decreases of \$ 15,495 in the General Fund and \$ 178,856 in the Capital Improvements Fund and an increase of \$ 82,247 in the Other Governmental Funds.

The Village's general receipts are primarily municipal income taxes and property and other local taxes. These receipts represent respectively 42.5 percent and 17.1 percent of the total cash received for governmental activities during the year.

The net position of business-type activities increased \$ 457,817 from 2011. Net position in the Sewer Fund, Electric Fund and Other Enterprise Funds increased by \$ 96,329, \$ 423,890 and \$ 37,709, respectively, while net position in the Water Fund decreased by \$ 100,111.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The Statement of Net Position and the Statement of Activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities reflect how the Village did financially during 2012, within the limitations of cash basis accounting. The Statement Of Net Position presents the equity in pooled cash of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the Statement of Net Position and the Statement of Activities, we divide the Village into two types of activities:

Governmental activities - Most of the Village's basic services are reported here, including police, streets, and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity - The Village has several business-type activities; most significantly the provision of water, sewer, and electricity operations. Business-type activities are financed by a fee charged to the customers receiving the services.

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

Fund Financial Statements

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that restricted money is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund and Capital Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's significant proprietary funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major proprietary funds are the Water Fund, Sewer Fund, and Electric Fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village's agency funds include the Cable TV Escrow Fund and the Fire Loss Escrow Fund.

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2012 compared to 2011 on a cash basis:

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Equity in pooled cash	\$ 2,419,611	\$ 2,531,715	\$ 5,683,306	\$ 5,225,489	\$ 8,102,917	\$ 7,757,204
Total assets	<u>\$ 2,419,611</u>	<u>\$ 2,531,715</u>	<u>\$ 5,683,306</u>	<u>\$ 5,225,489</u>	<u>\$ 8,102,917</u>	<u>\$ 7,757,204</u>
Net position						
Restricted for:						
Capital projects	\$ 941,353	\$ 1,120,209	\$ -	\$ -	\$ 941,353	\$ 1,120,209
Debt service	175,298	131,163	-	-	175,298	131,163
Other purposes	478,801	440,689	-	-	478,801	440,689
Unrestricted	<u>824,159</u>	<u>839,654</u>	<u>5,683,306</u>	<u>5,225,489</u>	<u>6,507,465</u>	<u>6,065,143</u>
Total net position	<u>\$ 2,419,611</u>	<u>\$ 2,531,715</u>	<u>\$ 5,683,306</u>	<u>\$ 5,225,489</u>	<u>\$ 8,102,917</u>	<u>\$ 7,757,204</u>

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

As mentioned previously, the net position of governmental activities decreased \$ 112,104 or 4.4 percent during 2012.

Table 2 reflects the changes in net position in 2012 compared to 2011 on a cash basis.

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Receipts						
Program receipts						
Charges for services	\$ 210,351	\$ 118,355	\$ 9,107,935	\$ 8,741,093	\$ 9,318,286	\$ 8,859,448
Operating grants and contributions	15,649	8,050	-	-	15,649	8,050
Capital grants and contributions	584,585	177,093	310,176	7,500	894,761	184,593
Total program receipts	810,585	303,498	9,418,111	8,748,593	10,228,696	9,052,091
General receipts						
Property and other local taxes	623,486	651,000	-	-	623,486	651,000
Municipal income taxes	1,544,878	1,520,855	-	-	1,544,878	1,520,855
Grants and entitlements	348,701	367,986	-	-	348,701	367,986
Note proceeds	122,932	-	496,204	-	619,136	-
Sale of capital assets	36,556	-	-	-	36,556	-
Interest	75,390	77,241	4	4	75,394	77,245
Other	76,751	218,050	-	4,205	76,751	222,255
Total general receipts	2,828,694	2,835,132	496,208	4,209	3,324,902	2,839,341
Total receipts	\$ 3,639,279	\$ 3,138,630	\$ 9,914,319	\$ 8,752,802	\$13,553,598	\$11,891,432

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VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

Table 2
Change in Net Position
(Concluded)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program cash disbursements						
General government	\$ 400,700	\$ 386,635	\$ -	\$ -	\$ 400,700	\$ 386,635
Security of persons and property	1,027,277	956,627	-	-	1,027,277	956,627
Public health services	23,649	54,065	-	-	23,649	54,065
Leisure time activities	57,156	63,649	-	-	57,156	63,649
Community environment	98,427	120,510	-	-	98,427	120,510
Transportation	907,857	902,043	-	-	907,857	902,043
Capital outlay	1,208,202	917,649	-	-	1,208,202	917,649
Principal	24,332	45,800	-	-	24,332	45,800
Interest	3,783	1,743	-	-	3,783	1,743
Water	-	-	936,970	922,228	936,970	922,228
Sewer	-	-	1,589,061	957,463	1,589,061	957,463
Electric	-	-	6,576,674	6,623,393	6,576,674	6,623,393
Refuse	-	-	302,195	320,038	302,195	320,038
Other	-	-	51,602	50,796	51,602	50,796
Total program disbursements	<u>3,751,383</u>	<u>3,448,721</u>	<u>9,456,502</u>	<u>8,873,918</u>	<u>13,207,885</u>	<u>12,322,639</u>
Increase (decrease) in net position	(112,104)	(310,091)	457,817	(121,116)	345,713	(431,207)
Net position, at beginning of year	<u>2,531,715</u>	<u>2,841,806</u>	<u>5,225,489</u>	<u>5,346,605</u>	<u>7,757,204</u>	<u>8,188,411</u>
Net position, at end of year	<u>\$ 2,419,611</u>	<u>\$ 2,531,715</u>	<u>\$ 5,683,306</u>	<u>\$ 5,225,489</u>	<u>\$ 8,102,917</u>	<u>\$ 7,757,204</u>

Governmental Activities

Program receipts represent 22.3 percent of total receipts and are comprised of charges for services, operating and capital grants and contributions.

General receipts represent 77.7 percent of the Village's total receipts of governmental activities, and of this amount, 76.6 percent are local property and other local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, the clerk-treasurer and income tax departments, as well as internal services such as payroll and purchasing.

Security of persons and property are the costs of police protection; public health services is the health department; leisure time activities are the costs of maintaining the parks and playing fields; the economic development department promotes the village to industry and commerce as well as working with other governments in the area to attract new business; and transportation is the cost of maintaining the roads.

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

If you look at the Statement of Activities on page 15, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property, transportation, and capital outlay which account for 27.4 percent, 24.2 percent, and 32.2 percent, of all governmental disbursements, respectively. General government disbursements also represents a significant cost, at 10.7 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3
Governmental Activities

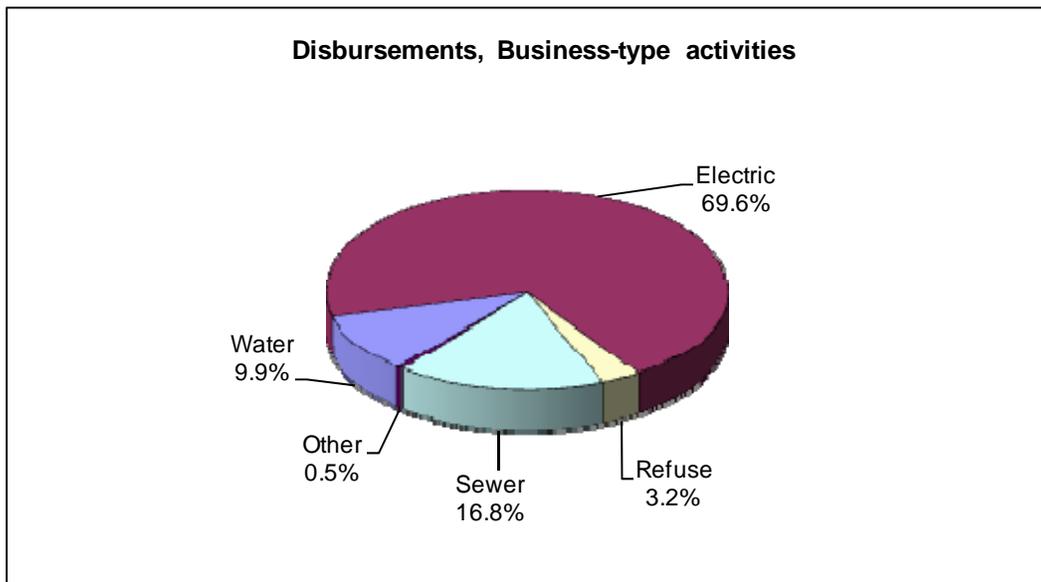
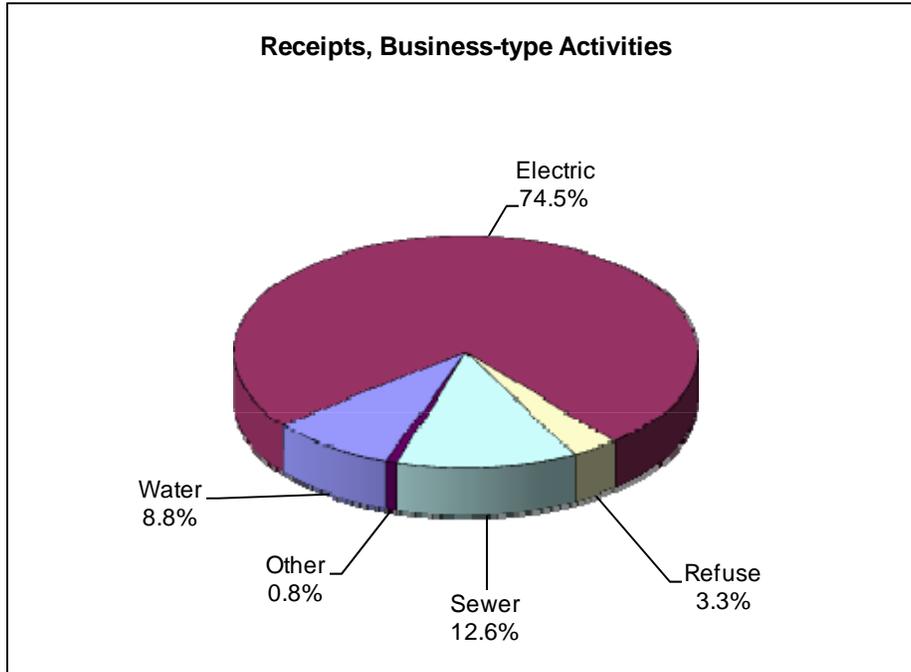
	Total Cost of Services	Net Cost of Services
Governmental activities		
General government	\$ 400,700	\$ 228,090
Security of persons and property	1,027,277	1,017,299
Public health services	23,649	2,308
Leisure time activities	57,156	43,964
Community environment	98,427	90,612
Transportation	907,857	845,731
Capital outlay	1,208,202	684,679
Principal	24,332	24,332
Interest and fiscal charges	3,783	3,783
Total governmental activities	\$ 3,751,383	\$ 2,940,798

The dependence upon property and income tax receipts is apparent as 57.8 percent of governmental activities are supported through these general receipts.

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

Business-type Activities

Charges for services is the primary source of receipts for the business-type activities. Program cash receipts were \$ 669,518 higher in 2012.



VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

The Village's Funds

Total governmental funds had receipts of \$ 3,479,791, disbursements of \$ 3,751,383 and other financing sources of \$ 159,488. The fund balance of the General Fund decreased \$ 15,495 and the fund balance of the Capital Improvements Fund decreased \$ 178,856. Other Governmental Funds had an increase of \$ 82,247.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2012, the Village amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were \$ 17,980 higher than original budgeted receipts. Actual receipts exceeded the final budgeted amount by \$ 135,280.

Final disbursements were budgeted at \$ 2,414,651 which was the \$ 34,980 higher than original appropriations. Actual disbursements were \$ 127,304 less than the final budgeted amount.

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

Outstanding debt obligations of the Village consisted of:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Bonds						
Special assessment	\$ 49,479	\$ 63,688	\$ -	\$ -	\$ 49,479	\$ 63,688
OPWC loan	324,759	211,950	130,754	136,907	455,513	348,857
OWDA loan	-	-	5,875,817	5,654,525	5,875,817	5,654,525
	<u>\$ 374,238</u>	<u>\$ 275,638</u>	<u>\$ 6,006,571</u>	<u>\$ 5,791,432</u>	<u>\$ 6,380,809</u>	<u>\$ 6,067,070</u>

The OWDA loan relates to water, sewer and storm sewer projects. The special assessment bonds are for street improvements. OPWC loans financed waterline improvements and replacements. For further information regarding the Village's debt, refer to Note 12 to the basic financial statements.

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
(UNAUDITED)

Current Issues

Grade Separation

In November of 2012, the Village executed a cooperative construction project agreement with the Ohio Department of Transportation and CSX railroad to construct a grade separation on State Route 58, also known as North Main Street. The Village is responsible for 5% of the total cost of the project, which is currently estimated to be 17 million dollars. As part of that agreement, an escrow account of \$ 950,126 was established at the end of 2012 for the Village's share of the project. The primary source of local funds came from a railroad quieting account that was established in the early 2000's as a result of a settlement between the US FRA and CWX railroads. The project was bid in early 2013 with construction to begin in the spring of 2013. The project schedule anticipates construction continuing through the fall of 2014.

Community Incentive Grant

In 2012, the Village was able to obtain a small grant in the amount of \$ 7,814 from Lorain County as part of the Community Incentive Grant program. The grant money was used to buy recycled computer paper and an additional shade for the Recreation Park.

Safety Services Memorial Fund

In 2012, the Village was given the balance of proceeds of approximately \$ 5,000 from the Wellington Community Fire District. The money came from the sale of memorial bricks for the walkway in front of Town Hall and is used for the purchase, repair, and maintenance of the bricks. The Village requested and received approval from the Auditor of State to create a Special Revenue Fund for future proceeds and disbursements.

Income Tax Administration

In July 2012, the Village Council approved the transition of all income tax reporting and collections to the Regional Income Tax Agency (R.I.T.A) as of January 1, 2013. Council chose R.I.T.A. for its ability to offer residents and businesses free on-line filing and payments and to maximize the Village's tax collection efforts. R.I.T.A. will be responsible for the administration and collection of all income taxes and will serve as an Agent of the Village of Wellington in this capacity.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Karen Shaw, Finance Director, Village of Wellington, 115 Willard Memorial Square, Wellington, Ohio 44090.

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VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2012

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in pooled cash	\$ 2,419,611	\$ 5,683,306	\$ 8,102,917
Total assets	\$ 2,419,611	\$ 5,683,306	\$ 8,102,917
Net position			
Restricted for:			
Capital projects	\$ 941,353	\$ -	\$ 941,353
Debt service	175,298	-	175,298
Highways and streets	399,614	-	399,614
Security of persons and property	71,818	-	71,818
Other	7,369	-	7,369
Unrestricted	824,159	5,683,306	6,507,465
Total net position	\$ 2,419,611	\$ 5,683,306	\$ 8,102,917

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 400,700	\$ 166,701	\$ 5,909	\$ -
Security of persons and property	1,027,277	9,023	955	-
Public health services	23,649	21,341	-	-
Leisure time activities	57,156	12,222	970	-
Community environment	98,427	-	7,815	-
Transportation	907,857	-	-	62,126
Capital outlay	1,208,202	1,064	-	522,459
Principal	24,332	-	-	-
Interest and fiscal charges	3,783	-	-	-
Total governmental activities	<u>3,751,383</u>	<u>210,351</u>	<u>15,649</u>	<u>584,585</u>
Business-type activities				
Water	936,970	832,359	-	4,500
Sewer	1,589,061	883,510	-	305,676
Electric	6,576,674	7,000,564	-	-
Refuse	302,195	314,760	-	-
Other	51,602	76,742	-	-
Total business-type activities	<u>9,456,502</u>	<u>9,107,935</u>	<u>-</u>	<u>310,176</u>
Total	<u>\$ 13,207,885</u>	<u>\$ 9,318,286</u>	<u>\$ 15,649</u>	<u>\$ 894,761</u>

General receipts
 Property taxes levied for:
 General purposes
 Municipal income taxes
 Grants and entitlements not restricted to specific programs
 Note proceeds
 Sale of capital assets
 Interest
 Other
 Total general receipts

Change in net position

Net position at beginning of year

Net position at end of year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (228,090)	\$ -	\$ (228,090)
(1,017,299)	-	(1,017,299)
(2,308)	-	(2,308)
(43,964)	-	(43,964)
(90,612)	-	(90,612)
(845,731)	-	(845,731)
(684,679)	-	(684,679)
(24,332)	-	(24,332)
(3,783)	-	(3,783)
<u>(2,940,798)</u>	<u>-</u>	<u>(2,940,798)</u>
-	(100,111)	(100,111)
-	(399,875)	(399,875)
-	423,890	423,890
-	12,565	12,565
-	25,140	25,140
-	(38,391)	(38,391)
<u>(2,940,798)</u>	<u>(38,391)</u>	<u>(2,979,189)</u>
623,486	-	623,486
1,544,878	-	1,544,878
348,701	-	348,701
122,932	496,204	619,136
36,556	-	36,556
75,390	4	75,394
76,751	-	76,751
<u>2,828,694</u>	<u>496,208</u>	<u>3,324,902</u>
(112,104)	457,817	345,713
<u>2,531,715</u>	<u>5,225,489</u>	<u>7,757,204</u>
<u>\$ 2,419,611</u>	<u>\$ 5,683,306</u>	<u>\$ 8,102,917</u>

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES -
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General Fund	Capital Improvements Fund	Other Governmental Funds	Totals Governmental Funds
Assets				
Equity in pooled cash	\$ 824,159	\$ 941,353	\$ 654,099	\$ 2,419,611
Total assets	<u>\$ 824,159</u>	<u>\$ 941,353</u>	<u>\$ 654,099</u>	<u>\$ 2,419,611</u>
Fund balances				
Restricted	\$ -	\$ 941,353	\$ 654,099	\$ 1,595,452
Assigned	448,715	-	-	448,715
Unassigned	375,444	-	-	375,444
Total fund balances	<u>\$ 824,159</u>	<u>\$ 941,353</u>	<u>\$ 654,099</u>	<u>\$ 2,419,611</u>

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
BASIS FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Capital Improvements Fund	Other Governmental Funds	Totals Governmental Funds
Receipts				
Municipal income tax	\$ 1,158,654	\$ 386,224	\$ -	\$ 1,544,878
Property and other taxes	600,051	-	23,435	623,486
Special assessments	-	6,791	62,126	68,917
Charges for services	77,362	1,064	-	78,426
Fines, licenses and permits	42,540	-	-	42,540
Intergovernmental	177,616	522,459	248,860	948,935
Interest	74,949	-	441	75,390
Contributions and donations	970	-	5,909	6,879
Miscellaneous	88,905	-	1,435	90,340
Total receipts	2,221,047	916,538	342,206	3,479,791
Disbursements				
Current				
General government	398,900	-	1,800	400,700
Security of persons and property	1,007,478	-	19,799	1,027,277
Public health services	23,649	-	-	23,649
Leisure time activities	57,156	-	-	57,156
Community environment	98,301	-	126	98,427
Transportation	687,614	-	220,243	907,857
Capital outlay	-	1,208,203	-	1,208,203
Debt Service				
Principal	-	10,123	14,209	24,332
Interest and fiscal charges	-	-	3,782	3,782
Total disbursements	2,273,098	1,218,326	259,959	3,751,383
Excess of receipts over (under) disbursements	(52,051)	(301,788)	82,247	(271,592)
Other financing sources				
Note proceeds	-	122,932	-	122,932
Sale of capital assets	36,556	-	-	36,556
Total other financing sources	36,556	122,932	-	159,488
Net change in fund balances	(15,495)	(178,856)	82,247	(112,104)
Fund balances at beginning of year	839,654	1,120,209	571,852	2,531,715
Fund balances at end of year	\$ 824,159	\$ 941,353	\$ 654,099	\$ 2,419,611

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF RECEIPTS, DISBURSMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGET BASIS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	GENERAL FUND		Actual	Variance with Final Budget Positive (Negative)
	Budget Amounts			
	Original	Final		
Receipts				
Municipal income tax	\$ 1,100,000	\$ 1,110,166	\$ 1,158,654	\$ 48,488
Property and other taxes	342,857	642,857	600,051	(42,806)
Charges for services	36,500	36,500	65,140	28,640
Fines, licenses and permits	31,000	37,000	42,540	5,540
Intergovernmental	410,441	112,255	177,616	65,361
Interest	75,000	75,000	66,182	(8,818)
Contributions and donations	6,000	6,000	970	(5,030)
Miscellaneous	45,000	45,000	88,905	43,905
Total receipts	<u>2,046,798</u>	<u>2,064,778</u>	<u>2,200,058</u>	<u>135,280</u>
Disbursements				
Current				
General government	411,507	438,673	404,647	34,026
Security of persons and property	1,027,109	1,027,109	1,014,384	12,725
Public health services	24,906	24,906	23,649	1,257
Leisure time activities	58,830	58,830	52,228	6,602
Community environment	127,874	127,874	104,825	23,049
Transportation	729,445	737,259	687,614	49,645
Total disbursements	<u>2,379,671</u>	<u>2,414,651</u>	<u>2,287,347</u>	<u>127,304</u>
Excess of receipts over (under) disbursements	<u>(332,873)</u>	<u>(349,873)</u>	<u>(87,289)</u>	<u>262,584</u>
Other financing sources				
Sale of capital assets	-	-	36,556	36,556
Total other financing sources	<u>-</u>	<u>-</u>	<u>36,556</u>	<u>36,556</u>
Net change in fund balances	(332,873)	(349,873)	(50,733)	299,140
Prior year encumbrances appropriated	49,565	49,565	49,565	-
Fund balance at beginning of year	<u>356,727</u>	<u>356,727</u>	<u>356,727</u>	<u>-</u>
Fund balances at end of year	<u>\$ 73,419</u>	<u>\$ 56,419</u>	<u>\$ 355,559</u>	<u>\$ 299,140</u>

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
STATEMENT OF FUND NET POSITION – CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2012

	Water Fund	Sewer Fund	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Assets					
Equity in pooled cash	\$ 251,008	\$ 628,650	\$ 4,434,841	\$ 368,807	\$ 5,683,306
Total assets	<u>\$ 251,008</u>	<u>\$ 628,650</u>	<u>\$ 4,434,841</u>	<u>\$ 368,807</u>	<u>\$ 5,683,306</u>
Net position					
Unrestricted	\$ 251,008	\$ 628,650	\$ 4,434,841	\$ 368,807	\$ 5,683,306
Total net position	<u>\$ 251,008</u>	<u>\$ 628,650</u>	<u>\$ 4,434,841</u>	<u>\$ 368,807</u>	<u>\$ 5,683,306</u>

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND NET POSITION – CASH BASIS – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Water Fund	Sewer Fund	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Operating receipts					
Charges for services	\$ 822,558	\$ 872,747	\$ 6,943,006	\$ 391,502	\$ 9,029,813
Interest	-	-	-	4	4
Miscellaneous	9,801	314,439	57,558	-	381,798
Total operating receipts	<u>832,359</u>	<u>1,187,186</u>	<u>7,000,564</u>	<u>391,506</u>	<u>9,411,615</u>
Operating disbursements					
Personal services	486,753	405,497	725,917	-	1,618,167
Travel transportation	1,146	406	35	-	1,587
Contractual services	34,619	36,733	5,524,799	347,205	5,943,356
Materials and supplies	139,350	103,400	182,652	6,592	431,994
Capital outlay	69,454	673,286	143,271	-	886,011
Total operating disbursements	<u>731,322</u>	<u>1,219,322</u>	<u>6,576,674</u>	<u>353,797</u>	<u>8,881,115</u>
Operating income	<u>101,037</u>	<u>(32,136)</u>	<u>423,890</u>	<u>37,709</u>	<u>530,500</u>
Non-operating disbursements					
Principal paid	(85,494)	(195,571)	-	-	(281,065)
Interest and fiscal charges	(120,154)	(174,168)	-	-	(294,322)
Note proceeds	-	496,204	-	-	496,204
Total non-operating disbursements	<u>(205,648)</u>	<u>126,465</u>	<u>-</u>	<u>-</u>	<u>(79,183)</u>
Income (loss) before contributions	<u>(104,611)</u>	<u>94,329</u>	<u>423,890</u>	<u>37,709</u>	<u>451,317</u>
Capital contributions - tap fees	<u>4,500</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>6,500</u>
Change in net position	(100,111)	96,329	423,890	37,709	457,817
Net position at beginning of year	<u>351,119</u>	<u>532,321</u>	<u>4,010,951</u>	<u>331,098</u>	<u>5,225,489</u>
Net position at end of year	<u>\$ 251,008</u>	<u>\$ 628,650</u>	<u>\$ 4,434,841</u>	<u>\$ 368,807</u>	<u>\$ 5,683,306</u>

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
STATEMENT OF FIDUCIARY NET POSITION – CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2012

	Agency
Assets	
Equity in pooled cash	\$ 10,990
Total assets	10,990
 Net position	
Unrestricted	10,990
Total net position	\$ 10,990

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 – REPORTING ENTITY

The Village of Wellington, Lorain County, Ohio (the Village), is a body politic and corporate 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.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. PRIMARY GOVERNMENT

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water, sewer and electric utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

B. COMPONENT UNITS

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village has no component units.

C. JOINTLY GOVERNED ORGANIZATIONS

The Village is associated with the South Lorain County Ambulance District, Wellington Community Fire District, Wellington Union Cemetery and Wellington Community Improvement Corporation. These organizations and their relationships with the Village are described in more detail in Note 14 of these financial statements.

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

D. JOINT VENTURE WITH EQUITY INTEREST

Ohio Municipal Electric Generation Agency Joint Venture 1 (Omega JV-1) – The Village is a participant with twenty-one subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Omega JV-1 was created for that purpose. The Omega JV-1 is managed by AMP-Ohio, which acts as the joint venture's agent. See Note 15 and Note 16 of these financial statements.

Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) – The Village is a participant with forty-two subdivisions within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Omega JV-5 was created for that purpose. The Omega JV-5 is managed by AMP-Ohio, which acts as the joint venture agent. See Note 15 and Note 16 of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

A. BASIS OF PRESENTATION

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Improvements Fund – This fund is used to account for proceeds of municipal income tax, general obligation notes and other grants or aid. The proceeds are used for various street improvement projects.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Village has no internal service funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Electric Fund – The electric fund accounts for the provision of electric services to the residents and commercial users within the Village.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency funds include the Cable TV Escrow Fund and the Fire Loss Escrow Fund.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established to separately appropriate the amounts for each office, departments and division, and within each, the amount appropriated for personal services.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. CASH AND INVESTMENTS

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Interest recorded to the General Fund during fiscal year 2012 amounted to \$ 74,949 which included \$ 67,033 assigned from other Village funds.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CASH AND INVESTMENTS (continued)

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 negative receipts (contra revenue), respectively.

Except for investment contracts and money market investments that had a maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2012.

F. RESTRICTED ASSETS

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village had no restricted assets at year-end.

G. INVENTORY AND PREPAID ITEMS

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. CAPITAL ASSETS

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

I. INTERFUND RECEIVABLES/PAYABLES

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. EMPLOYER CONTRIBUTIONS TO COST-SHARING PENSION PLANS

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. LONG-TERM OBLIGATIONS

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. NET POSITION

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available. As of December 31, 2012, restricted net position restricted by enabling legislation amounted to \$ 175,298.

N. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. FUND BALANCE (continued)

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. INTERFUND TRANSACTIONS

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2012, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The implementation of GASB Statement No 62 did not have an effect on the financial statements of the Village.

For fiscal year 2012, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The implementation of GASB Statement No 63 did not have an effect on the financial statements of the Village.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
	General Fund
Budget basis	\$ (50,733)
Adjustments, increase (decrease):	
Encumbrances	19,885
Funds budgeted elsewhere **	15,353
Cash basis, as reported	<u>\$ (15,495)</u>

** As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis. This includes the Recreation Fund and the Railroad Grade Crossing Fund.

NOTE 5 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Fund balances				
Restricted for:				
Capital projects	\$ -	\$ 941,353	\$ -	\$ 941,353
Debt service	-	-	175,298	175,298
Highways and streets	-	-	399,614	399,614
Security of persons and property	-	-	71,818	71,818
Other	-	-	7,369	7,369
	<u>-</u>	<u>941,353</u>	<u>654,099</u>	<u>1,595,452</u>
Assigned to:				
Recreation	21,530	-	-	21,530
Railroad grade crossing improvement	427,185	-	-	427,185
	<u>448,715</u>	<u>-</u>	<u>-</u>	<u>448,715</u>
Unassigned	375,444	-	-	375,444
Total fund balances	<u>\$ 824,159</u>	<u>\$ 941,353</u>	<u>\$ 654,099</u>	<u>\$ 2,419,611</u>

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 6 - DEPOSITS AND INVESTMENTS

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Village had \$ 400 in cash on hand which is included as part of "Equity in Pooled Cash".

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the Village's deposits was \$ 7,040,523, and the bank balance was \$ 7,132,206. Of the bank balance, \$ 2,350,017 was covered by federal depository insurance and \$ 4,782,189 was uninsured. Of the remaining balance, \$ 4,782,189 was collateralized with securities held by the pledging institution's trust department not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2012, the Village had the following investments:

	Weighted Average Maturities Years	Fair Value
STAR Ohio	n/a	\$ 1,028,862
Local government securities	n/a	44,122
		\$ 1,072,984

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirements in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualifying trustee.

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Village has no investment policy that would further limit its investment choices.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

The Village places not limit on the amount that may be invested in any one issuer. The following is the Village's allocation as of December 31, 2012:

	Percentage of Investments
STAR Ohio	95.9%
Local government securities	4.1%

NOTE 7 – INCOME TAXES

The Village levies a 1 percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than one percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration.

The Village's income tax ordinance requires .25 percent of the income tax receipts to be used to finance capital improvements. As a result, this portion of the receipts is allocated to the capital improvements fund each year. The remaining income tax receipts are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2011, the receipts were allocated to the general fund and the capital improvements fund. Effective January 1, 2013, the Regional Income Tax Agency, also known as R.I.T.A., will begin collecting income taxes for the Village of Wellington.

NOTE 8 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes are levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2011, was \$4.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 8 – PROPERTY TAXES (continued)

	2012 Collection Year
Property valuation consisted of:	
Real property	\$ 88,551,090
Public utility property	1,674,340
Total valuation	\$ 90,225,430

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

NOTE 9 – RISK MANAGEMENT

The Village is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Village also provides health insurance, dental and vision coverage to full-time employees through the Lorain County Healthcare program. There have not been any significant reductions in insurance coverage from coverage in the prior year and the amounts of settlements have not exceeded coverage for any of the prior three years. The Village pays the State Workers' Compensation System a premium on a rate per \$ 100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

The Traditional Pension Plan —a cost sharing, multiple-employer defined benefit pension plan.

The Member-Directed Plan —a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

The Combined Plan —a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member- Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, the most recent information available, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2011 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.0% and 11.6%, respectively. The 2011 contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.1% of covered payroll.

The Village's contributions for pension obligations to the traditional, combined, and member directed plans for the year ended December 31, 2012, December 31, 2011, and December 31, 2010 were \$ 196,610, \$ 196,590, and \$ 121,703, respectively. For 2012, \$ 181,396 (92.3%) has been contributed. The full amount has been contributed for 2011 and 2010.

B. OHIO POLICE AND FIRE PENSION FUND

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary, while employers are required to contribute 19.5% and 24% respectively for police officers and firefighters. The Village's required contributions to the fund for the years ended December 31, 2012, 2011 and 2010 were \$ 41,963, \$ 41,190 and \$ 41,457, respectively. For 2012, \$ 30,893 (73.6%) has been contributed. The full amount has been contributed for 2011 and 2010. The Village has no firefighters.

NOTE 11 – POSTEMPLOYMENT BENEFITS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 11 – POSTEMPLOYMENT BENEFITS (continued)

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, the most recent information available, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.1%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions for post-employment benefits for the year ended December 31, 2012, December 31, 2011, and December 31, 2010 were \$ 78,968, \$ 85,115, and \$ 103,842 respectively. For 2012, \$ 72,553 (92.3%) has been contributed. The full amount has been contributed for 2011 and 2010.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 11 – POSTEMPLOYMENT BENEFITS (continued)

B. OHIO POLICE AND FIRE PENSION FUND

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits.

For the year ended December 31, 2011, the most recent information available, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to fund postemployment healthcare were \$ 22,216, \$ 21,806 and \$ 21,948, respectively. For 2012, \$ 16,355 (73.6%) has been contributed. The full amount has been contributed for 2011 and 2010.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 12 - DEBT

Changes in the Village's debt obligations during the year were as follows:

	Outstanding 12/31/11	Additions	Reductions	Outstanding 12/31/12	Due In One Year
<u>Governmental activities</u>					
Special assessment bonds					
Street Improvements (1999) 6.0% through 2019	\$ 28,803	\$ -	\$ 2,900	\$ 25,903	\$ 3,078
Street Improvements (2000) 5.75% through 2020	14,885	-	1,309	13,576	1,384
Street Improvements (1993) Varying % through 2013	20,000	-	10,000	10,000	10,000
Total special assessment bonds	<u>63,688</u>	<u>-</u>	<u>14,209</u>	<u>49,479</u>	<u>14,462</u>
Ohio Public Works					
OPWC loan (2002) 0% through 2022	102,200	-	6,814	95,386	13,626
OPWC loan (2009) 0% through 2029	103,124	-	3,125	99,999	6,250
OPWC loan (2010) 0% through 2030	6,626	-	184	6,442	368
OPWC loan (2012) 0% through 2032	-	122,932	-	122,932	6,147
Total OPWC loans	<u>211,950</u>	<u>122,932</u>	<u>10,123</u>	<u>324,759</u>	<u>26,391</u>
Total governmental activities	<u>\$ 275,638</u>	<u>\$ 122,932</u>	<u>\$ 24,332</u>	<u>\$ 374,238</u>	<u>\$ 40,853</u>

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 12 – DEBT (continued)

	Outstanding 12/31/11	Additions	Reductions	Outstanding 12/31/12	Due In One Year
<u>Business-type activities</u>					
Ohio Public Works					
OPWC loan (2002)					
0% through 2022	\$ 41,499	\$ -	\$ 2,075	\$ 39,424	\$ 4,150
OPWC loan (1999)					
0% through 2019	31,546	-	2,253	29,293	4,506
OPWC loan (2010)					
0% through 2030	63,862	-	1,825	62,037	3,649
Total OPWC loans	<u>136,907</u>	<u>-</u>	<u>6,153</u>	<u>130,754</u>	<u>12,305</u>
Ohio Water Development Authority					
OWDA loan (1999)					
6.32% through 2024	927,410	-	53,955	873,455	57,365
OWDA loan (1999)					
6.87% through 2024	542,531	-	45,539	496,992	48,668
OWDA loan (2000)					
5.86% through 2024	670,548	-	37,895	632,653	40,116
OWDA loan (2005)					
4.66% through 2025	1,660,103	-	95,439	1,564,664	99,938
OWDA loan (2006)					
4.59% through 2037	1,815,605	-	39,954	1,775,651	41,809
OWDA loan (2010)					
4.59% through 2030	38,328	-	2,130	36,198	2,129
OWDA loan (2012)					
2.58% through 2033	-	496,204	-	496,204	19,237
Total OWDA loans	<u>5,654,525</u>	<u>496,204</u>	<u>274,912</u>	<u>5,875,817</u>	<u>309,262</u>
Total business-type activities	<u>\$ 5,791,432</u>	<u>\$ 496,204</u>	<u>\$ 281,065</u>	<u>\$ 6,006,571</u>	<u>\$ 321,567</u>

The Special Assessment Bonds were issued for street reconstruction. The Special Assessment Bonds are for street improvement. The Ohio Water Development Authority (OWDA) loans relate to water, sewer and storm sewer projects. The Ohio Public Works Commission (OPWC) loans financed waterline improvements and replacements. The loans will be repaid in semiannual installments, including interest, over a period of 20 to 30 years. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed.

With the exception of the special assessment debt, all principal and interest payments are funded through utility user charges.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 12 – DEBT (continued)

The following is a summary of the Village's future annual debt service requirements:

Year	Governmental Activities				
	Special Assessment Bonds		OPWC loans	Total	
	Principal	Interest	Principal	Principal	Interest
2013	\$ 14,462	\$ 2,935	\$ 26,391	\$ 40,853	\$ 2,935
2014	4,729	2,070	26,391	31,120	2,070
2015	5,012	1,791	26,391	31,403	1,791
2016	5,312	1,494	26,391	31,703	1,494
2017	5,630	1,179	26,391	32,021	1,179
2018 - 2022	14,334	1,455	91,077	105,411	1,455
2023- 2027	-	-	63,823	63,823	-
2028 - 2032	-	-	37,904	37,904	-
	<u>\$ 49,479</u>	<u>\$ 10,924</u>	<u>\$ 324,759</u>	<u>\$ 374,238</u>	<u>\$ 10,924</u>

Year	Business-type Activities				
	OWDA loans		OPWC loans	Total	
	Principal	Interest	Principal	Principal	Interest
2013	\$ 309,262	\$ 291,889	\$ 12,305	\$ 321,567	\$ 291,889
2014	325,734	275,417	12,306	338,040	275,417
2015	343,127	258,023	12,306	355,433	258,023
2016	361,496	239,655	12,306	373,802	239,655
2017	380,896	220,255	12,306	393,202	220,255
2018 - 2022	2,064,672	775,458	43,680	2,108,352	775,458
2023- 2027	1,040,206	315,958	18,246	1,058,452	315,958
2028 - 2032	606,169	171,855	7,299	613,468	171,855
2033 - 2036	444,255	47,094	-	444,255	47,094
	<u>\$ 5,875,817</u>	<u>\$ 2,595,604</u>	<u>\$ 130,754</u>	<u>\$ 6,006,571</u>	<u>\$ 2,595,604</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 13 – CONTINGENT LIABILITIES

The Village received financial assistance from federal and state agencies in the form of grants and subsidies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Village.

NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS

A. SOUTH LORAIN COUNTY AMBULANCE DISTRICT

The Ambulance District is an ambulance district organized pursuant to Ohio Rev. Code Section 505.71 and is directed by an appointed seven-member Board of Trustees representing the Villages of Wellington and Brighton, Huntington, Penfield, Pittsfield, Rochester, and Wellington Townships. The Ambulance District provides emergency medical services to the residents within the Ambulance District which includes the Village. In 2012, the Village did not make any payments to the Ambulance District. Financial information can be obtained by contacting the Ambulance District at 179 East Herrick Avenue, Wellington, Ohio, 44090.

B. WELLINGTON COMMUNITY FIRE DISTRICT

The Fire District is a joint or community fire district organized pursuant to Ohio Rev. Code Section 505.371 and is directed by an appointed six-member Board of Trustees representing the Village of Wellington and Brighton, Huntington, Penfield, Pittsfield, and Wellington Townships. The Fire District provides fire protection and rescue services within the Fire District which includes the Village. In 2012, the Village did not make any payments to the Fire District. Financial information can be obtained by contacting the Fire District at 202 Kelly Street, Wellington, Ohio, 44090

C. WELLINGTON UNION CEMETERY

The Cemetery is a union cemetery organized pursuant to Ohio Rev. Code Section 759.27 and is directed by an appointed three-member Board of Trustees representing the Village of Wellington and Wellington Township. 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. In 2012, the Village paid \$ 19,906 to the Cemetery. Financial information can be obtained by contacting the Cemetery at 115 Willard Square, Wellington, Ohio, 44090.

D. WELLINGTON COMMUNITY IMPROVEMENT CORPORATION

The Wellington CIC is a community improvement corporation organized pursuant to Ohio Rev. Code Section 1724 and is directed by a seven-member Board of Trustees which includes the Village Mayor, Council President, and Village Administrator. The Wellington CIC coordinates community development activities within the Village. In 2012, the Village did not make any payments to the Wellington CIC. Financial information can be obtained by contacting the Wellington CIC at 115 Willard Square, Wellington, Ohio, 44090.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 15 – JOINT VENTURE WITH EQUITY INTEREST

A. OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 1 (OMEGA JV-1)

The Village is a participant with twenty-one subdivisions within the State of Ohio in this joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. On dissolution of the joint venture, the net assets of Omega JV-1 will be shared by the participants on a percentage basis. The Omega JV-1 is managed by AMP-Ohio which acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture. The Village's net investment and its share of the operating results of Omega JV-1 are reported in the Village's electric fund (an enterprise fund). The Village's equity interest in Omega JV-1 was \$ 13,710 at December 31, 2011 (the most recent information available). Complete financial statements for Omega JV-1 can be obtained from AMP-Ohio or from the Village's Clerk-Treasurer.

B. OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 5 (OMEGA JV-5)

The Village of Wellington is a Financing Participant with an ownership percentage of 1.62%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA JV5 Agreement, the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2010 Wellington has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the nondefaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such nondefaulting JV5 Participant's ownership share of the project prior to any such increases.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 15 – JOINT VENTURE WITH EQUITY INTEREST (continued)

B. OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 5 (OMEGA JV-5)

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2005 the 1993 Certificates were refunded by issuing 2005 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$ 34,951,833 from the periods 2006 through 2024.

The Village's net investment and its share of operating results of OMEGA JV5 are reported in the Village's electric fund (an enterprise fund). The Village's net investment to date in OMEGA JV5 was \$ 172,062 at December 31, 2011 (the most recent information available). Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

NOTE 16 – AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT

The Village of Wellington is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

History of the AMPGS Project

In November 2009, the participants of the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center ("AFEC") at a favorable price. AMP intends to develop this site for the construction of a generating asset; however, at December 31, 2011 (the most recent information available), the type of generating asset had not been determined.

As mentioned above, the AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 16 – AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT (continued)

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet of AMP. AMP has reclassified \$ 34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. At December 31, 2011, (the most recent information available), AMP had a regulatory asset of \$ 86,548,349 for the recovery of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for the recovery on a participant by participant basis.

At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant's information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs. These memos were not invoices, but provided the participants with information which they could utilize in determining if they wanted to pay down a portion or all of the identified maximum exposure. AMP is holding the AMPGS Project stranded costs on its revolving credit facility and is accruing interest in addition to legal fees being incurred in its case with the EPC contractor. AMP would hold any payments received as a deposit in order to cease interest accruals on that portion paid.

Based on an allocation to Wellington of 7.955 kW and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2011 the Village of Wellington had a potential stranded cost obligation of \$ 1,301,082 for the AMPGS Project. The Village of Wellington does not have any payments on deposit with AMP at December 31, 2011 (the most recent information available).

AMP Fremont Energy Center (AFEC) Development Fee

The AFEC Development Fee is the amount paid by AFEC participants to the AMPGS project as a Development Fee in August, 2011. AFEC participants are a separate group of AMP members that obtained financing for engineering, consulting and other development costs for expertise obtained by AMP for Natural Gas Combined Cycle power plants. This amount is financed by AMP, Inc. and is to be collected through debt service from AFEC participants. The Development Fee paid by all AFEC Participants is credited to the potential AMPGS costs of each AFEC participant that is also an AMPGS participant in proportion to their relative percentage of AFEC (but not less than zero) as approved by the AMP Board. The Village is a participant in the AFEC project and has received a credit to reduce its share of AMPGS potential stranded costs as noted below.

Based on the allocation methodology approved by the AMP Board of Trustees as mentioned above, the Village receives a credit of \$ 329,269 for being a participant in both projects. This credit is proportionate to its AFEC allocation kW share of 3,145 and the total kW share of those participating in both projects. The Village has recorded this credit in its financial statements as of December 31, 2011 through its appropriation for this liability.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 16 – AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT (continued)

Recording of Stranded Costs

The Village has recorded stranded costs for the AMPGS Project.

The Village of Wellington has not requested an invoice from AMP for the potential stranded costs identified in the memos AMP sent in November and December of 2011. However, money for the stranded costs were appropriated but not encumbered in 2012. This appropriation was carried over to 2013 after approval by Council in December 2012. The Village is not intending to request a final accounting of expenses and possible additional credits from AMP until such time as the litigation with the EPC contractor is finalized.

Had the Village chosen to expense the potential stranded, the Village believes it would not have violated its covenant obligations for its Electric Fund bonds or its debt covenant obligation(s) with Ohio Municipal Electric Generation Agency (OMEGA) Joint Venture 5.

In making its determination as to how to proceed with the accounting treatment for the potential AMPGS Project liability, the Village has relied upon information provided by AMP and its legal counsel with respect to the data, as well as Village management.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued.

Perry & Associates
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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***

June 27, 2013

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

To the Village Council:

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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Wellington**, Lorain County (the Village) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 27, 2013, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles and has adopted Governmental Accounting Standards Board Statement No. 63.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village'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 Village's internal control. Accordingly, we have not opined on it.

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 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 Village'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.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

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Dave Yost • Auditor of State

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
SEPTEMBER 24, 2013