



**VILLAGE OF WELLINGTON
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

VILLAGE OF WELLINGTON
LORAIN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of Village of Wellington, Lorain County, Ohio (the Village) as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Village of Wellington, Lorain County, Ohio as of December 31, 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 27, 2004

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**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

| | Governmental Fund Types | | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
| | General | Special Revenue | Debt Service | Capital Projects | |
| Cash Receipts: | | | | | |
| Property Tax and Other Local Taxes | \$1,256,625 | \$36,606 | \$0 | \$201,449 | \$1,494,680 |
| Special Assessments | 0 | 0 | 102,558 | 0 | 102,558 |
| Intergovernmental Receipts | 242,256 | 133,684 | 0 | 44,857 | 420,797 |
| Charges for Services | 13,900 | 0 | 0 | 17,397 | 31,297 |
| Fines, Licenses, and Permits | 80,426 | 12,474 | 0 | 0 | 92,900 |
| Earnings on Investments | 87,306 | 5,513 | 0 | 6,773 | 99,592 |
| Miscellaneous | 126,002 | 10,412 | 0 | 2,370 | 138,784 |
| Total Cash Receipts | 1,806,515 | 198,689 | 102,558 | 272,846 | 2,380,608 |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 714,052 | 25,000 | 0 | 0 | 739,052 |
| Public Health Services | 8,264 | 0 | 0 | 0 | 8,264 |
| Leisure Time Activities | 27,190 | 15,514 | 0 | 0 | 42,704 |
| Community Environment | 121,178 | 0 | 0 | 0 | 121,178 |
| Transportation | 433,041 | 136,849 | 0 | 0 | 569,890 |
| General Government | 348,754 | 0 | 0 | 0 | 348,754 |
| Debt Service: | | | | | |
| Principal Payments | 0 | 0 | 65,375 | 0 | 65,375 |
| Interest Payments | 0 | 0 | 35,243 | 0 | 35,243 |
| Capital Outlay | 0 | 167,375 | 0 | 459,862 | 627,237 |
| Total Cash Disbursements | 1,652,479 | 344,738 | 100,618 | 459,862 | 2,557,697 |
| Total Receipts Over/(Under) Disbursements | 154,036 | (146,049) | 1,940 | (187,016) | (177,089) |
| Other Financing Receipts and (Disbursements): | | | | | |
| Transfers-Out | (164,449) | 0 | 0 | 0 | (164,449) |
| Total Other Financing Receipts/(Disbursements) | (164,449) | 0 | 0 | 0 | (164,449) |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (10,413) | (146,049) | 1,940 | (187,016) | (341,538) |
| Fund Cash Balances, January 1 | 269,062 | 790,633 | 88,094 | 433,580 | 1,581,367 |
| Fund Cash Balances, December 31 | \$258,649 | \$644,584 | \$90,034 | \$246,564 | \$1,239,829 |
| Reserves for Encumbrances, December 31 | \$58,957 | \$13,559 | \$0 | \$31,145 | \$103,661 |

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

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

| | Proprietary Fund Types | Fiduciary Fund Types | Totals (Memorandum Only) |
|--|---------------------------|-------------------------|--------------------------------|
| | Enterprise | Nonexpendable Trust | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$6,570,401 | \$0 | \$6,570,401 |
| Miscellaneous | 187,373 | 0 | 187,373 |
| Total Operating Cash Receipts | <u>6,757,774</u> | <u>0</u> | <u>6,757,774</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 1,314,369 | 0 | 1,314,369 |
| Contractual Services | 3,759,627 | 0 | 3,759,627 |
| Supplies and Materials | 387,958 | 0 | 387,958 |
| Capital Outlay | 558,924 | 0 | 558,924 |
| Total Operating Cash Disbursements | <u>6,020,878</u> | <u>0</u> | <u>6,020,878</u> |
| Operating Income/(Loss) | <u>736,896</u> | <u>0</u> | <u>736,896</u> |
| Non-Operating Cash Receipts: | | | |
| Proceeds from Notes and Bonds | 75,000 | 0 | 75,000 |
| Total Non-Operating Cash Receipts | <u>75,000</u> | <u>0</u> | <u>75,000</u> |
| Non-Operating Cash Disbursements: | | | |
| Debt Service | 461,890 | 0 | 461,890 |
| Total Non-Operating Cash Disbursements | <u>461,890</u> | <u>0</u> | <u>461,890</u> |
| Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances | 349,959 | 0 | 349,959 |
| Transfers-In | 164,449 | 0 | 164,449 |
| Net Receipts Over/(Under) Disbursements | 514,455 | 0 | 514,455 |
| Fund Cash Balances, January 1 | 3,565,266 | 5,000 | 3,570,266 |
| Fund Cash Balances, December 31 | <u>\$4,079,721</u> | <u>\$5,000</u> | <u>\$4,084,721</u> |
| Reserve for Encumbrances, December 31 | <u>\$248,552</u> | <u>\$0</u> | <u>\$248,552</u> |

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

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Wellington, Lorain County, (Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (recreation), street maintenance, water, sewer, and electric utilities, and police protective services. The following organizations provide services within the Village:

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 Village of Wellington, and Wellington, Huntington, Penfield, Rochester, Brighton, and Pittsfield Townships. The Ambulance District provides emergency medical services to the residents within the Ambulance District which includes the Village.

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.

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.

Lorain County Rural Wastewater District (LORCO) - LORCO is a wastewater district organized pursuant to Ohio Rev. Code Section 6119 and is directed by a Board of Trustees representing one each of the 13 township and three village members. LORCO was organized to provide wastewater treatment services to its members and has applied to the appropriate authorities for recognition as a Designated Management Agency under Section 208 of the Clean Water Act.

South Lorain County Historical Society - The Historical Society is organized pursuant to Ohio Rev. Code Section 307.23 and is directed by an appointed Board of Directors. The Historical Society operates the Spirit of '76 Museum which is located in the Village.

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.

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

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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

D. Fund Accounting

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

General Fund

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

Special Revenue Funds

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

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

Debt Service Fund

This Fund is used for the accumulation of resources for long-term debt retirement.

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

Capital Project Fund

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

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

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Enterprise Funds

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

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

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

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

Fiduciary Fund (Agency Fund)

This fund is used to account for monies for which the Village is acting in an agency capacity are classified as agency funds.

E. Budgetary Process

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

Estimated Resources

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

Appropriations

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

Encumbrances

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

A summary of 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)**

2. Pooled Cash and Investments

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2002 was as follows:

| | | |
|--------------------------------|--|--------------------|
| Demand deposits | | \$ 422,410 |
| Certificates of deposit | | <u>666,572</u> |
| Total deposits | | <u>1,088,982</u> |
| | | |
| STAR Ohio | | 4,163,228 |
| Manuscript investments | | <u>72,340</u> |
| Total investments | | <u>4,235,568</u> |
| Total deposits and investments | | <u>\$5,324,550</u> |

Deposits:

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

Investments:

Investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form. The manuscript investments of \$72,340 are owned by the Capital Improvement Fund to partially finance the retirement of the Kent/South Prospect Street and the Woodland Street special assessment project bonds.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2002 was as follows:

| <u>Fund Type</u> | <u>2002 Budgeted vs. Actual Receipts</u> | | <u>Variance</u> |
|------------------|--|------------------------|------------------|
| | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | |
| General | \$1,923,032 | \$1,806,515 | (\$116,517) |
| Special Revenue | 250,673 | 198,689 | (51,984) |
| Debt Service | 150,000 | 102,558 | (47,442) |
| Capital Projects | 295,000 | 272,846 | (22,154) |
| Enterprise | <u>6,516,000</u> | <u>6,997,223</u> | <u>481,223</u> |
| Total | <u>\$9,134,705</u> | <u>\$9,377,831</u> | <u>\$243,126</u> |

| <u>Fund Type</u> | <u>2002 Budgeted vs. Actual Budgetary Basis Expenditures</u> | | <u>Variance</u> |
|------------------|--|-------------------------------|--------------------|
| | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | |
| General | \$ 2,248,779 | \$1,875,885 | \$ 372,894 |
| Special Revenue | 413,060 | 358,297 | 54,763 |
| Debt Service | 103,900 | 100,618 | 3,282 |
| Capital Projects | 666,970 | 491,007 | 175,963 |
| Enterprise | <u>7,330,816</u> | <u>6,731,320</u> | <u>599,496</u> |
| Total | <u>\$10,763,525</u> | <u>\$9,557,127</u> | <u>\$1,206,398</u> |

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The Ohio Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State of Ohio, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the Lorain County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)**

4. Property Tax (Continued)

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

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

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

5. Income Taxes

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

6. Debt

Debt outstanding at December 31, 2002 was as follows:

| | <u>Principal</u> | <u>Interest Rates</u> |
|--|--------------------|-----------------------|
| Ohio Water Development Authority Loans | \$3,219,509 | 5.86 to 8.4% |
| General Obligation Bonds | 660,000 | 4.1 to 6.38% |
| Special Assessment Bonds | 669,805 | 4.9 to 12.5% |
| Ohio Public Works Commission Loans | 172,883 | None |
| Total | <u>\$4,722,197</u> | |

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

The General Obligation Bonds are for improvements to the Village's electric utility. The Ohio Public Works Commission (OPWC) loans financed waterline improvements and replacements. The Special Assessment Bonds were issued for street reconstruction. With the exception of the special assessment debt, all principal and interest payments are funded through utility user charges.

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

| <u>Year ending December 31:</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------------|--------------------|--------------------|--------------------|
| 2003 | \$ 302,582 | \$ 249,180 | \$ 551,762 |
| 2004 | 234,702 | 241,858 | 476,560 |
| 2005 | 232,665 | 230,389 | 463,054 |
| 2006 | 237,337 | 219,201 | 456,538 |
| 2007 | 239,360 | 207,637 | 446,997 |
| 2008-2012 | 1,105,970 | 861,163 | 1,967,133 |
| 2013-2017 | 977,041 | 587,165 | 1,564,206 |
| 2018-2024 | <u>1,392,541</u> | <u>307,845</u> | <u>1,700,386</u> |
| Total | <u>\$4,722,198</u> | <u>\$2,904,438</u> | <u>\$7,626,636</u> |

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(CONTINUED)**

7. Retirement Systems

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

8. Risk Management

The Village of Wellington has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Crime, Wrongful Acts;
- Inland Marine; and,
- Errors and omissions umbrella liability.

The Village also provides health insurance, dental, and vision coverage to full-time employees through the Lorain County Healthcare Program.

9. Contingencies

The Village received financial assistance from 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.

10. Related Party Transactions

Two Village Council members are owners of companies from which the Village acquired hardware, tools, and miscellaneous supplies during 2002. The Village paid \$2,694 to Wolf Brothers Supply and \$33,302 to Farm and Home Hardware.



**Auditor of State
Betty Montgomery**

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

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

We have audited the financial statements of the Village of Wellington, Lorain County, Ohio (the Village) as of and for the year ended December 31, 2002, and have issued our report thereon dated July 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the Village's management in a separate letter dated July 27, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the Village's management in a separate letter dated July 27, 2004.

Village of Wellington
Lorain County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 27, 2004



**Auditor of State
Betty Montgomery**

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VILLAGE OF WELLINGTON

LORAIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 12, 2004**