



Dave Yost • Auditor of State

VILLAGE OF WELLINGTON
LORAIN COUNTY

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LORAIN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

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 years ended December 31, 2010 and 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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, 2010 and 2009, and the respective changes in cash financial position, thereof and the budgetary comparison for the General and Railroad Grade Crossing Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

December 22, 2011

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
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, 2010, 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 2010 are as follows

Net assets of governmental activities decreased \$ 64,978 or 2.2 percent over 2009. This was the result of decreases of \$ 334,229 in the General Fund and a net decrease of \$ 3,840 in the Other Governmental Funds. The Railroad Grade Crossing Fund and the Capital Improvements Fund had increases of \$ 10,503 and \$ 262,588, respectively.

The Village's general receipts are primarily municipal income taxes and property and other local taxes. These receipts represent respectively 44.2 percent and 21.1 percent of the total cash received for governmental activities during the year.

Net assets of business-type activities increased \$ 577,875 from 2009. Net assets in the Electric Fund and Other Enterprise Funds increased by \$ 637,651 and \$ 17,792, respectively, while net assets in the Water Fund and Sewer Fund decreased by \$ 25,166 and \$ 52,402, respectively.

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 Assets 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, 2010
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 Assets and the Statement of Activities reflect how the Village did financially during 2010, within the limitations of cash basis accounting. The statement of net assets 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 Assets 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, 2010
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, Railroad Grade Crossing 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 assets for 2010 compared to 2009 on a cash basis:

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Equity in pooled cash	\$ 2,841,806	\$ 2,906,784	\$ 5,346,605	\$ 4,768,730	\$ 8,188,411	\$ 7,675,514
Total assets	<u>\$ 2,841,806</u>	<u>\$ 2,906,784</u>	<u>\$ 5,346,605</u>	<u>\$ 4,768,730</u>	<u>\$ 8,188,411</u>	<u>\$ 7,675,514</u>
Net assets						
Restricted for:						
Capital projects	\$ 1,366,686	\$ 1,104,098	\$ -	\$ -	\$ 1,366,686	\$ 1,104,098
Debt service	78,340	68,646	-	-	78,340	68,646
Other purposes	908,361	911,392	-	-	908,361	911,392
Unrestricted	488,419	822,648	5,346,605	4,768,730	5,835,024	5,591,378
Total net assets	<u>\$ 2,841,806</u>	<u>\$ 2,906,784</u>	<u>\$ 5,346,605</u>	<u>\$ 4,768,730</u>	<u>\$ 8,188,411</u>	<u>\$ 7,675,514</u>

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

As mentioned previously, net assets of governmental activities decreased \$ 64,978 or 2.2 percent during 2010.

Table 2 reflects the changes in net assets in 2010 compared to 2009 on a cash basis.

Table 2
Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Receipts						
Program receipts						
Charges for services	\$ 113,614	\$ 126,911	\$ 8,870,839	\$ 7,967,256	\$ 8,984,453	\$ 8,094,167
Operating grants and contributions	9,963	37,679	-	-	9,963	37,679
Capital grants and contributions	301,344	437,392	311,968	-	613,312	437,392
Total program receipts	<u>424,921</u>	<u>601,982</u>	<u>9,182,807</u>	<u>7,967,256</u>	<u>9,607,728</u>	<u>8,569,238</u>
General receipts						
Property and other local taxes	630,102	621,517	-	-	630,102	621,517
Municipal income taxes	1,321,549	1,274,877	-	-	1,321,549	1,274,877
Grants and entitlements	554,706	532,530	-	-	554,706	532,530
Note proceeds	7,362	-	115,571	-	122,933	-
Interest	54,009	80,465	6	17	54,015	80,482
Other	650	1,974	-	-	650	1,974
Total general receipts	<u>2,568,378</u>	<u>2,511,363</u>	<u>115,577</u>	<u>17</u>	<u>2,683,955</u>	<u>2,511,380</u>
Total receipts	<u>2,993,299</u>	<u>3,113,345</u>	<u>9,298,384</u>	<u>7,967,273</u>	<u>12,291,683</u>	<u>11,080,618</u>

(continued on next page)

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

Table 2
Change in Net Assets
(Concluded)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program cash disbursements						
General government	\$ 569,969	\$ 409,602	\$ -	\$ -	\$ 569,969	\$ 409,602
Security of persons and property	902,964	885,063	-	-	902,964	885,063
Public health services	58,197	67,493	-	-	58,197	67,493
Leisure time activities	59,040	63,545	-	-	59,040	63,545
Community environment	98,524	106,212	-	-	98,524	106,212
Transportation	892,644	851,328	-	-	892,644	851,328
Capital outlay	422,865	763,221	-	-	422,865	763,221
Principal	50,344	48,412	-	-	50,344	48,412
Interest	3,730	5,431	-	-	3,730	5,431
Water	-	-	903,661	896,177	903,661	896,177
Sewer	-	-	1,185,742	1,077,860	1,185,742	1,077,860
Electric	-	-	6,277,809	5,761,214	6,277,809	5,761,214
Refuse	-	-	312,592	295,000	312,592	295,000
Other	-	-	40,705	55,802	40,705	55,802
Total program disbursements	3,058,277	3,200,307	8,720,509	8,086,053	11,778,786	11,286,360
Increase (decrease) in net assets	(64,978)	(86,962)	577,875	(118,780)	512,897	(205,742)
Net assets, at beginning of year	2,906,784	2,993,746	4,768,730	4,887,510	7,675,514	7,881,256
Net assets, at end of year	\$ 2,841,806	\$ 2,906,784	\$ 5,346,605	\$ 4,768,730	\$ 8,188,411	\$ 7,675,514

Governmental Activities

Program receipts represent 14.2 percent of total receipts and are primarily comprised of charges for services, operating and capital grants and contributions.

General receipts represent 85.8 percent of the Village's total receipts of governmental activities, and of this amount, over 76.0 percent are 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, 2010
UNAUDITED

If you look at the Statement of Activities on page 14, 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 general government which account for 29.5, 29.2, and 18.6 percent, of all governmental disbursements, respectively. Capital outlay also represents a significant cost, about 13.8 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

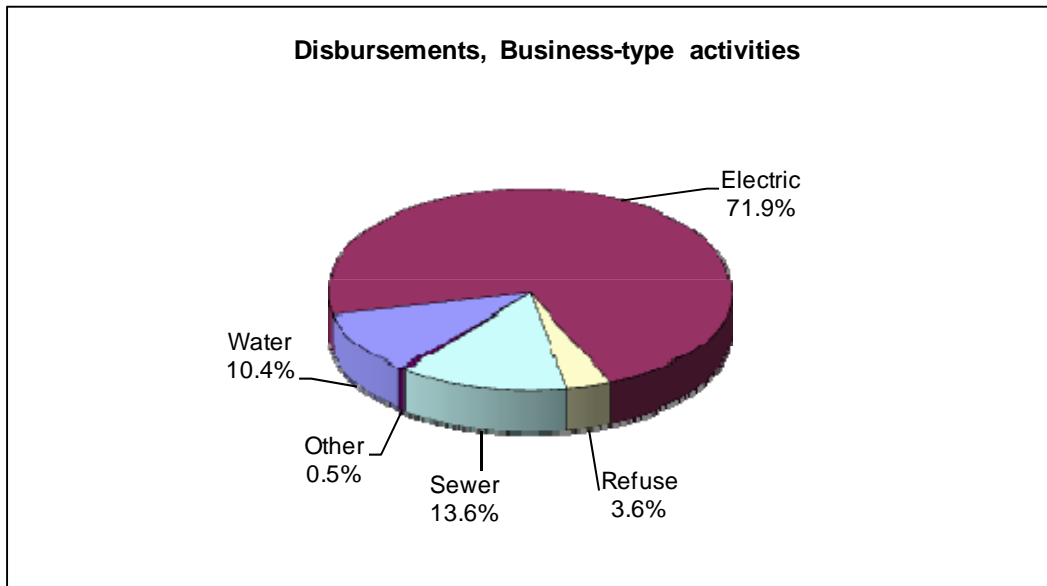
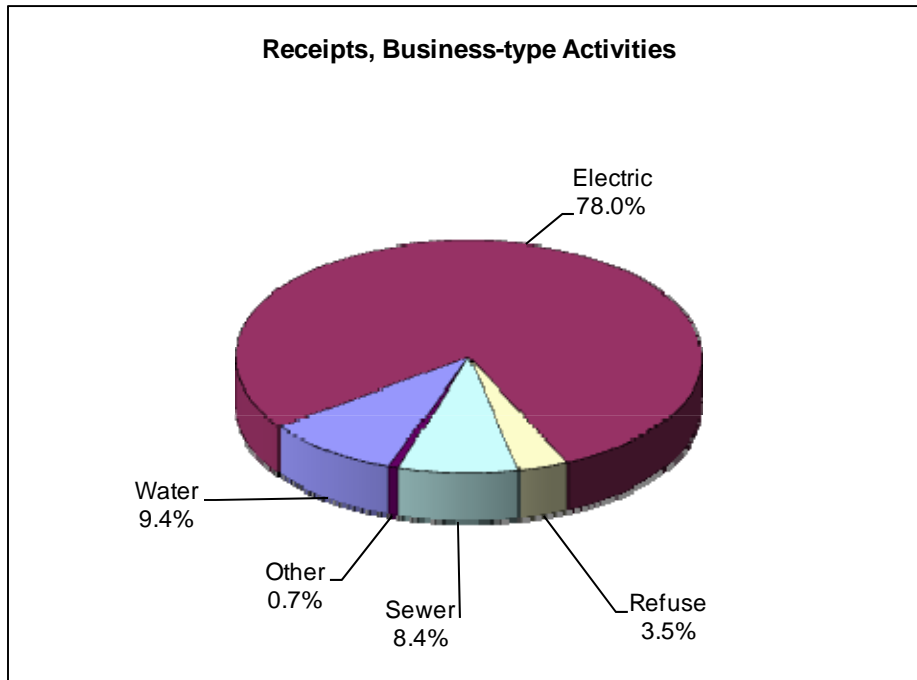
	Total Cost of Services	Net Cost of Services
Governmental activities		
General government	\$ 569,969	\$ 480,863
Security of persons and property	902,964	886,045
Public health services	58,197	58,197
Leisure time activities	59,040	46,758
Community environment	98,524	93,524
Transportation	892,644	829,196
Capital outlay	422,865	184,699
Principal	50,344	50,344
Interest and fiscal charges	3,730	3,730
Total governmental activities	<u>\$ 3,058,277</u>	<u>\$ 2,633,356</u>

The dependence upon property and income tax receipts is apparent as 63.8 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, 2010
UNAUDITED

Business-type Activities

Charges for services is the primary source of receipts for the business-type activities. Program cash receipts were \$ 1,215,551 higher in 2010. Disbursements for water, and sewer operations exceeded their operating receipts.



VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

The Village's Funds

Total governmental funds had receipts of \$ 2,985,937, disbursements of \$ 3,058,277 and other financing sources of \$ 7,362. The greatest changes within governmental funds occurred within the General Fund and the Capital Improvements Fund. The fund balance of the General Fund decreased \$ 334,229 and the fund balance of the Capital Improvements Fund increased \$ 262,588.

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 2010, the Village amended its General Fund budget once to reflect changing circumstances. Final budgeted receipts were the same as original budgeted receipts. Actual receipts were less than the final budgeted amount by \$ 196,521.

Final disbursements were budgeted at \$ 2,677,151 which was \$ 212,651 higher than original appropriations. Actual disbursements were \$ 314,907 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	
	2010	2009	2010	2009	2010	2008
OWDA loan	\$ -	\$ -	\$ 5,915,135	\$ 6,111,612	\$ 5,915,135	\$ 6,111,612
Bonds						
Special assessment	79,122	109,405	-	-	79,122	109,405
OPWC loan	242,316	255,015	155,365	94,685	397,681	349,700
	<u>\$ 321,438</u>	<u>\$ 364,420</u>	<u>\$ 6,070,500</u>	<u>\$ 6,206,297</u>	<u>\$ 6,391,938</u>	<u>\$ 6,570,717</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. The special assessment bonds were issued for street construction. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

Current Issues

The Village's water department received a safety grant of \$ 37,107 from the Ohio Bureau of Workers' Compensation. In 2010, the Village received a \$ 56,072 grant from the Ohio Department of Natural Resources. The proceeds from this grant were used to install a recreational water "Splash Pad" at the Wellington Recreation Park.

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

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 Webb Clerk-Treasurer, Village of Wellington, 115 Willard Memorial Square, Wellington, Ohio 44090.

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VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF NET ASSETS

DECEMBER 31, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in pooled cash	\$ 2,841,806	\$ 5,346,605	\$ 8,188,411
Total assets	<u>\$ 2,841,806</u>	<u>\$ 5,346,605</u>	<u>\$ 8,188,411</u>
Net assets			
Restricted for:			
Capital projects	\$ 1,366,686	\$ -	\$ 1,366,686
Debt service	78,340	-	78,340
Highways and streets	830,029	-	830,029
Security of persons and property	65,157	-	65,157
Recreation	12,674	-	12,674
Other	501	-	501
Unrestricted	488,419	5,346,605	5,835,024
Total net assets	<u>\$ 2,841,806</u>	<u>\$ 5,346,605</u>	<u>\$ 8,188,411</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 569,969	\$ 89,106	\$ -	\$ -
Security of persons and property	902,964	12,606	4,313	-
Public health services	58,197	-	-	-
Leisure time activities	59,040	11,632	650	-
Community environment	98,524	-	5,000	-
Transportation	892,644	-	-	63,448
Capital outlay	422,865	270	-	237,896
Principal	50,344	-	-	-
Interest and fiscal charges	3,730	-	-	-
Total governmental activities	<u>3,058,277</u>	<u>113,614</u>	<u>9,963</u>	<u>301,344</u>
Business-type activities				
Water	903,661	836,888	-	41,607
Sewer	1,185,742	747,408	-	270,361
Electric	6,277,809	6,915,460	-	-
Refuse	312,592	312,409	-	-
Other	40,705	58,674	-	-
Total business-type activities	<u>8,720,509</u>	<u>8,870,839</u>	<u>-</u>	<u>311,968</u>
Total	<u>\$ 11,778,786</u>	<u>\$ 8,984,453</u>	<u>\$ 9,963</u>	<u>\$ 613,312</u>

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

Change in net assets

Net assets at beginning of year

Net assets at end of year

The accompanying notes are an integral part of these financial statements.

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (480,863)	\$ -	\$ (480,863)
(886,045)	-	(886,045)
(58,197)	-	(58,197)
(46,758)	-	(46,758)
(93,524)	-	(93,524)
(829,196)	-	(829,196)
(184,699)	-	(184,699)
(50,344)	-	(50,344)
(3,730)	-	(3,730)
<u>(2,633,356)</u>	<u>-</u>	<u>(2,633,356)</u>
-	(25,166)	(25,166)
-	(167,973)	(167,973)
-	637,651	637,651
-	(183)	(183)
-	17,969	17,969
-	462,298	462,298
<u>(2,633,356)</u>	<u>462,298</u>	<u>(2,171,058)</u>
630,102	-	630,102
1,321,549	-	1,321,549
554,706	-	554,706
7,362	115,571	122,933
54,009	6	54,015
650	-	650
<u>2,568,378</u>	<u>115,577</u>	<u>2,683,955</u>
(64,978)	577,875	512,897
<u>2,906,784</u>	<u>4,768,730</u>	<u>7,675,514</u>
<u>\$ 2,841,806</u>	<u>\$ 5,346,605</u>	<u>\$ 8,188,411</u>

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES -
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	Railroad Grade Crossing Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in pooled cash	\$ 488,419	\$ 413,044	\$ 1,366,686	\$ 573,657	\$ 2,841,806
Total assets	\$ 488,419	\$ 413,044	\$ 1,366,686	\$ 573,657	\$ 2,841,806
Fund balances					
Reserved for encumbrances	\$ 38,340	\$ -	\$ 627,530	\$ 132,190	\$ 798,060
Unreserved reported in:					
General fund	450,079	-	-	-	450,079
Special revenue funds	-	413,044	-	363,127	776,171
Debt service funds	-	-	-	78,340	78,340
Capital projects	-	-	739,156	-	739,156
Total fund balances	\$ 488,419	\$ 413,044	\$ 1,366,686	\$ 573,657	\$ 2,841,806

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

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

FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Railroad Grade Crossing Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal income tax	\$ 991,158	\$ -	\$ 330,391	\$ -	\$ 1,321,549
Property and other taxes	564,596	-	-	65,506	630,102
Special assessments	-	-	22,992	43,707	66,699
Charges for services	45,890	-	270	11,632	57,792
Fines, licenses and permits	30,506	-	-	-	30,506
Intergovernmental	292,266	-	234,645	272,403	799,314
Interest	39,293	10,503	-	4,213	54,009
Contributions and donations	650	-	-	-	650
Miscellaneous	25,316	-	-	-	25,316
Total receipts	1,989,675	10,503	588,298	397,461	2,985,937
Disbursements					
Current					
General government	569,969	-	-	-	569,969
Security of persons and property	874,674	-	-	28,290	902,964
Public health services	3,980	-	-	54,217	58,197
Leisure time activities	44,112	-	-	14,928	59,040
Community environment	98,524	-	-	-	98,524
Transportation	636,729	-	-	255,915	892,644
Capital outlay	95,916	-	313,011	13,938	422,865
Debt service					
Principal	-	-	20,061	30,283	50,344
Interest and fiscal charges	-	-	-	3,730	3,730
Total disbursements	2,323,904	-	333,072	401,301	3,058,277
Excess of receipts over (under) disbursements	(334,229)	10,503	255,226	(3,840)	(72,340)
Other financing sources					
Note proceeds	-	-	7,362	-	7,362
Total other financing sources	-	-	7,362	-	7,362
Net change in fund balances	(334,229)	10,503	262,588	(3,840)	(64,978)
Fund balances at beginning of year	822,648	402,541	1,104,098	577,497	2,906,784
Fund balances at end of year	\$ 488,419	\$ 413,044	\$ 1,366,686	\$ 573,657	\$ 2,841,806

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGET BASIS

FOR THE YEAR ENDED DECEMBER 31, 2010

	GENERAL FUND			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Receipts				
Municipal income tax	\$ 1,050,000	\$ 1,050,000	\$ 991,158	\$ (58,842)
Property and other taxes	376,478	376,478	564,596	188,118
Charges for services	36,500	36,500	45,890	9,390
Fines, licenses and permits	42,000	42,000	30,506	(11,494)
Intergovernmental	502,218	502,218	292,266	(209,952)
Interest	120,000	120,000	39,293	(80,707)
Contributions and donations	11,000	11,000	650	(10,350)
Miscellaneous	48,000	48,000	25,316	(22,684)
Total receipts	<u>2,186,196</u>	<u>2,186,196</u>	<u>1,989,675</u>	<u>(196,521)</u>
Disbursements				
Current				
General government	437,500	634,051	578,082	55,969
Security of persons and property	942,000	958,100	879,356	78,744
Public health services	5,000	5,000	4,110	890
Leisure time activities	72,000	72,000	47,057	24,943
Community environment	120,000	120,000	104,561	15,439
Transportation	685,000	685,000	640,601	44,399
Capital outlay	53,000	53,000	108,477	(55,477)
Total disbursements	<u>2,314,500</u>	<u>2,527,151</u>	<u>2,362,244</u>	<u>164,907</u>
Excess of receipts over (under) disbursements	<u>(128,304)</u>	<u>(340,955)</u>	<u>(372,569)</u>	<u>(31,614)</u>
Other financing sources				
Transfers-out	<u>(150,000)</u>	<u>(150,000)</u>	-	150,000
Total other financing sources	<u>(150,000)</u>	<u>(150,000)</u>	-	150,000
Net change in fund balances	(278,304)	(490,955)	(372,569)	118,386
Prior year encumbrances appropriated	76,345	76,345	76,345	-
Fund balance at beginning of year	<u>746,303</u>	<u>746,303</u>	<u>746,303</u>	-
Fund balances at end of year	<u>\$ 544,344</u>	<u>\$ 331,693</u>	<u>\$ 450,079</u>	<u>\$ 118,386</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGET BASIS

FOR THE YEAR ENDED DECEMBER 31, 2010

	RAILROAD GRADE CROSSING FUND			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Interest	\$ 20,000	\$ 20,000	\$ 10,503	\$ (9,497)
Net change in fund balances	20,000	20,000	10,503	(9,497)
Prior year encumbrances appropriated	-	-	-	-
Fund balance at beginning of year	402,541	402,541	402,541	-
Fund balance at end of year	\$ 422,541	\$ 422,541	\$ 413,044	\$ (9,497)

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
STATEMENT OF FUND NET ASSETS – CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Water Fund	Sewer Fund	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Assets					
Equity in pooled cash	\$ 439,477	\$ 709,539	\$ 3,877,033	\$ 320,556	\$ 5,346,605
Total assets	<u>\$ 439,477</u>	<u>\$ 709,539</u>	<u>\$ 3,877,033</u>	<u>\$ 320,556</u>	<u>\$ 5,346,605</u>
Net assets					
Unrestricted	\$ 439,477	\$ 709,539	\$ 3,877,033	\$ 320,556	\$ 5,346,605
Total net assets	<u>\$ 439,477</u>	<u>\$ 709,539</u>	<u>\$ 3,877,033</u>	<u>\$ 320,556</u>	<u>\$ 5,346,605</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND NET ASSETS – PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Water Fund	Sewer Fund	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Operating receipts					
Charges for services	\$ 833,146	\$ 744,454	\$ 6,789,645	\$ 371,083	\$ 8,738,328
Interest	-	-	-	6	6
Miscellaneous	3,742	2,954	125,815	-	132,511
Total operating receipts	<u>836,888</u>	<u>747,408</u>	<u>6,915,460</u>	<u>371,089</u>	<u>8,870,845</u>
Operating disbursements					
Personal services	447,785	380,117	758,977	-	1,586,879
Travel transportation	2,294	381	1,670	-	4,345
Contractual services	28,740	33,990	5,293,449	353,297	5,709,476
Materials and supplies	134,218	102,267	142,245	-	378,730
Capital outlay	75,415	310,667	81,468	-	467,550
Total operating disbursements	<u>688,452</u>	<u>827,422</u>	<u>6,277,809</u>	<u>353,297</u>	<u>8,146,980</u>
Operating income (loss)	<u>148,436</u>	<u>(80,014)</u>	<u>637,651</u>	<u>17,792</u>	<u>723,865</u>
Non-operating receipts/disbursements					
Principal paid	(64,715)	(186,653)	-	-	(251,368)
Interest and fiscal charges	(150,494)	(171,667)	-	-	(322,161)
Intergovernmental revenue	37,107	266,861	-	-	303,968
Note proceeds	-	115,571	-	-	115,571
Total non-operating receipts/disbursements	<u>(178,102)</u>	<u>24,112</u>	<u>-</u>	<u>-</u>	<u>(153,990)</u>
Income (loss) before contributions	(29,666)	(55,902)	637,651	17,792	569,875
Capital contributions - tap fees	<u>4,500</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
Change in net assets	(25,166)	(52,402)	637,651	17,792	577,875
Net assets at beginning of year	<u>464,643</u>	<u>761,941</u>	<u>3,239,382</u>	<u>302,764</u>	<u>4,768,730</u>
Net assets at end of year	<u>\$ 439,477</u>	<u>\$ 709,539</u>	<u>\$ 3,877,033</u>	<u>\$ 320,556</u>	<u>\$ 5,346,605</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF NET ASSETS –
FIDUCIARY FUNDS

DECEMBER 31, 2010

	<u>Agency</u>
Assets	
Equity in pooled cash	<u>\$ 10,990</u>
Total assets	<u>10,990</u>
Net assets	
Unrestricted	<u>10,990</u>
Total net assets	<u>\$ 10,990</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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 12 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 13 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 13 of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. BASIS OF PRESENTATION

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets 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 assets 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 assets 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, 2010

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

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. 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.

Railroad Grade Crossing - This fund is used to account for monies to be used for a railroad underpass.

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.

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, 2010

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 Village Clerk. 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 certificated 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 2010 amounted to \$ 39,293, which included \$ 37,905 assigned from other Village funds.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010.

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, 2010

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 8 and 9, 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 ASSETS

Net assets are 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 assets are available. As of December 31, 2010, net assets restricted by enabling legislation were \$ 78,340 in the statement of net assets.

N. FUND BALANCE RESERVES

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

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.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 3 – 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 and the Railroad Grade Crossing Fund are 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 encumbrances outstanding at year end (budgetary basis) amounted to \$ 38,340 for the General Fund. There were no encumbrances outstanding at year end for the Railroad Grade Crossing Fund.

NOTE 4 - 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;

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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).

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 \$ 5,129,279, and the bank balance was \$ 5,401,977. Of the bank balance, \$ 1,500,000 was covered by federal depository insurance and \$ 3,901,977 was uninsured. Of the remaining balance, \$ 3,901,977 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.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2010, the Village had the following investments:

	Weighted Average Maturities Years	Fair Value
STAR Ohio	n/a	\$ 3,025,600
Local government securities	n/a	44,122
		\$ 3,069,722

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.

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, 2010:

	Percentage of Investments
STAR Ohio	98.6%
Local government securities	1.4%

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5 – INCOME TAXES

The Village levies a one percent income tax whose proceeds are placed into the General Fund and Capital Improvements Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

NOTE 6 – PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2010 (other than public utility property) represent the collection of 2010 taxes. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. The tangible personal property tax has been phased out – the assessment percentage for all property including inventory was zero for 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2010, was \$ 4.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

	2010 Collection Year
Property valuation consisted of:	
Real property	\$ 88,394,760
Public utility property	1,512,030
Tangible personal property	503,225
Total valuation	\$ 90,410,015

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 7 – 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 8 – 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. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, 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 and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for members and employer contributions. For 2010, member and employer contribution rates were consistent with 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 Pension Plan. The 2010 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 10.5% and 11.1%, respectively. The 2010 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 17.87% of covered payroll.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$ 174,111, \$ 136,180, and \$ 136,898, respectively. The Village has paid all contributions required through December 31, 2010.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

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 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers and 24.00 percent for firefighters. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2010, 2009, and 2008 were \$ 41,457 \$ 38,594, and \$ 38,225, respectively. The Village has paid all contributions required through December 31, 2010. The Village has no firefighters.

NOTE 9 - 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 postemployment 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. 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 writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 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.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 - POSTEMPLOYMENT BENEFITS (continued)

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state employers and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employer units contributed at 17.87%. 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 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. 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 to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$ 286,771, \$ 272,360, and \$ 273,796, respectively, of which \$ 103,842, \$ 136,180, and \$ 136,898, respectively, was allocated to the healthcare plan.

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.

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.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 - POSTEMPLOYMENT BENEFITS (continued)

B. OHIO POLICE AND FIRE PENSION FUND (continued)

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, 2010, 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 OP&F for the years ending December 31, 2010, 2009, and 2008, were \$ 63,406, \$ 59,026, and \$ 58,461, respectively, of which \$ 21,948, \$ 20,432, and \$ 20,237, respectively, was allocated to the healthcare plan. The Village has no firefighters.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 10 - DEBT

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

	Outstanding 12/31/09	Additions	Reductions	Outstanding 12/31/10	Due In One Year
<u>Governmental activities</u>					
Special assessment bonds					
Street Improvements (1999) 6.0% through 2019	\$ 34,114	\$ -	\$ 5,006	\$ 29,108	\$ 305
Street Improvements (2000) 5.75% through 2020	17,291	-	2,277	15,014	129
Street Improvements (1990) Varying % through 2010	8,000	-	8,000	-	-
Street Improvements (1991) 7.50% through 2011	10,000	-	5,000	5,000	5,000
Street Improvements (1993) Varying % through 2013	40,000	-	10,000	30,000	10,000
Total special assessment bonds	<u>109,405</u>	<u>-</u>	<u>30,283</u>	<u>79,122</u>	<u>15,434</u>
Ohio Public Works					
OPWC loan (2002) 0% through 2022	136,266	-	13,627	122,639	13,627
OPWC loan (2009) 0% through 2029	118,749	-	6,250	112,499	6,250
OPWC loan (2010) 0% through 2030	-	7,362	184	7,178	368
Total OPWC loans	<u>255,015</u>	<u>7,362</u>	<u>20,061</u>	<u>242,316</u>	<u>20,245</u>
Total governmental activities	<u>\$ 364,420</u>	<u>\$ 7,362</u>	<u>\$ 50,344</u>	<u>\$ 321,438</u>	<u>\$ 35,679</u>

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 10 – DEBT (continued)

	Outstanding 12/31/09	Additions	Reductions	Outstanding 12/31/10	Due In One Year
<u>Business-type activities</u>					
Ohio Public Works					
OPWC loan (2002)					
0% through 2022	\$ 51,873	\$ -	\$ 4,150	\$ 47,723	\$ 4,150
OPWC loan (1999)					
0% through 2019	42,812	-	4,506	38,306	4,507
OPWC loan (2010)					
0% through 2030	-	72,985	3,649	69,336	3,649
Total OPWC loans	<u>94,685</u>	<u>72,985</u>	<u>12,305</u>	<u>155,365</u>	<u>12,306</u>
Ohio Water Development Authority					
OWDA loan (1999)					
6.32% through 2024	1,025,890	-	47,732	978,158	50,748
OWDA loan (1999)					
6.87% through 2024	625,016	-	39,873	585,143	42,612
OWDA loan (2000)					
5.86% through 2024	740,161	-	33,816	706,345	35,797
OWDA loan (2005)					
4.66% through 2025	1,838,151	-	86,906	1,751,245	91,142
OWDA loan (2006)					
4.59% through 2037	1,882,394	-	28,607	1,853,787	38,182
OWDA loan (2010)					
4.59% through 2030	-	42,586	2,129	40,457	2,129
Total OWDA loans	<u>6,111,612</u>	<u>42,586</u>	<u>239,063</u>	<u>5,915,135</u>	<u>260,610</u>
Total business-type activities	<u>\$ 6,206,297</u>	<u>\$ 115,571</u>	<u>\$ 251,368</u>	<u>\$ 6,070,500</u>	<u>\$ 272,916</u>

The Special Assessment Bonds were issued for street reconstruction. 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, 2010

NOTE 10 – 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	
2011	\$ 15,434	\$ 4,996	\$ 20,245	\$ 35,679	\$ 4,996	
2012	14,209	3,784	20,245	34,454	3,784	
2013	14,462	2,935	20,245	34,707	2,935	
2014	4,729	2,070	20,245	24,974	2,070	
2015	5,012	1,791	20,245	25,257	1,791	
2016 - 2020	25,276	4,128	87,596	112,872	4,128	
2021 - 2025	-	-	33,090	33,090	-	
2026 - 2030	-	-	20,405	20,405	-	
	<u>\$ 79,122</u>	<u>\$ 19,704</u>	<u>\$ 242,316</u>	<u>\$ 321,438</u>	<u>\$ 19,704</u>	

Year	Business-type Activities					
	OWDA loans		OPWC loans		Total	
	Principal	Interest	Principal	Principal	Interest	
2011	\$ 260,610	\$ 308,625	\$ 12,306	\$ 272,916	\$ 308,625	
2012	274,912	294,323	12,306	287,218	294,323	
2013	290,025	279,210	12,306	302,331	279,210	
2014	305,998	263,238	12,306	318,304	263,238	
2015	322,879	246,356	12,306	335,185	246,356	
2016 - 2020	1,903,308	942,868	54,768	1,958,076	942,868	
2021 - 2025	1,497,195	422,305	24,471	1,521,666	422,305	
2026 - 2030	422,298	200,406	14,596	436,894	200,406	
2031 - 2035	519,176	95,011	-	519,176	95,011	
2036 - 2040	118,734	4,103	-	118,734	4,103	
	<u>\$ 5,915,135</u>	<u>\$ 3,056,445</u>	<u>\$ 155,365</u>	<u>\$ 6,070,500</u>	<u>\$ 3,056,445</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, 2010

NOTE 11 – 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 12 – 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 2010, 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 2010, 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 2009, the Village did not make any payments 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 2010, 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, 2010

NOTE 13 – 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 \$ 13,968 at December 31, 2010. 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, 2010

NOTE 13 – 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 \$ 175,008 at December 31, 2010. 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 14 – RELATED PARTY TRANSACTION

A Village Council member is owner of a company from which the Village acquired miscellaneous supplies during 2010. The Village paid \$ 12,413 to Wolff Brothers Supply.

NOTE 15 – SUBSEQUENT EVENTS

Effective January 1, 2011 the Village of Wellington became a chartered municipality, as voted on by their electorate.

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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, 2009, 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 2009 are as follows

Net assets of governmental activities decreased \$ 86,962 or 2.9 percent over 2008. This was the result of decreases of \$ 280,099 in the General Fund and a net decrease of \$ 14,298 in the Other Governmental Funds. The Railroad Grade Crossing Fund and the Capital Improvements Fund had increases of \$ 12,823 and \$ 194,612, respectively.

The Village's general receipts are primarily municipal income taxes and property and other local taxes. These receipts represent respectively 40.9 percent and 20.0 percent of the total cash received for governmental activities during the year.

Net assets of business-type activities decreased \$ 118,780 from 2008. Net assets in the Electric Fund and Other Enterprise Funds increased by \$ 228,896 and \$ 17,545, respectively, while net assets in the Water Fund and Sewer Fund decreased by \$ 43,259 and \$ 321,962, respectively.

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 assets 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, 2009
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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 assets and the statement of activities reflect how the Village did financially during 2009, within the limitations of cash basis accounting. The statement of net assets 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 assets 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, 2009
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, Railroad Grade Crossing 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 assets for 2009 compared to 2008 on a cash basis:

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Equity in pooled cash	\$ 2,906,784	\$ 2,993,746	\$ 4,768,730	\$ 4,887,510	\$ 7,675,514	\$ 7,881,256
Total assets	<u>\$ 2,906,784</u>	<u>\$ 2,993,746</u>	<u>\$ 4,768,730</u>	<u>\$ 4,887,510</u>	<u>\$ 7,675,514</u>	<u>\$ 7,881,256</u>
Net assets						
Restricted for:						
Capital projects	\$ 1,104,098	\$ 909,486	\$ -	\$ -	\$ 1,104,098	\$ 909,486
Debt service	68,646	40,242	-	-	68,646	40,242
Other purposes	911,392	941,271	-	-	911,392	941,271
Unrestricted	822,648	1,102,747	4,768,730	4,887,510	5,591,378	5,990,257
Total net assets	<u>\$ 2,906,784</u>	<u>\$ 2,993,746</u>	<u>\$ 4,768,730</u>	<u>\$ 4,887,510</u>	<u>\$ 7,675,514</u>	<u>\$ 7,881,256</u>

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED

As mentioned previously, net assets of governmental activities decreased \$ 86,962 or 2.9 percent during 2009.

Table 2 reflects the changes in net assets in 2009 compared to 2008 on a cash basis.

Table 2
Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Receipts						
Program receipts						
Charges for services	\$ 126,911	\$ 146,405	\$ 7,967,256	\$ 8,152,097	\$ 8,094,167	\$ 8,298,502
Operating grants and contributions	37,679	45,588	-	-	37,679	45,588
Capital grants and contributions	437,392	465,286	-	9,150	437,392	474,436
Total program receipts	<u>601,982</u>	<u>657,279</u>	<u>7,967,256</u>	<u>8,161,247</u>	<u>8,569,238</u>	<u>8,818,526</u>
General receipts						
Property and other local taxes	621,517	681,038	-	-	621,517	681,038
Municipal income taxes	1,274,877	1,458,270	-	-	1,274,877	1,458,270
Grants and entitlements	532,530	565,316	-	-	532,530	565,316
Notes issued	-	-	-	174,776	-	174,776
Interest	80,465	251,148	17	178	80,482	251,326
Other	1,974	1,706	-	3,134	1,974	4,840
Total general receipts	<u>2,511,363</u>	<u>2,957,478</u>	<u>17</u>	<u>178,088</u>	<u>2,511,380</u>	<u>3,135,566</u>
Total receipts	<u>3,113,345</u>	<u>3,614,757</u>	<u>7,967,273</u>	<u>8,339,335</u>	<u>11,080,618</u>	<u>11,954,092</u>

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED

Table 2
Change in Net Assets
(Continued)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Program cash disbursements						
General government	\$ 409,602	\$ 413,390	\$ -	\$ -	\$ 409,602	\$ 413,390
Security of persons and property	885,063	873,335	-	-	885,063	873,335
Public health services	67,493	69,481	-	-	67,493	69,481
Leisure time activities	63,545	66,186	-	-	63,545	66,186
Community environment	106,212	117,620	-	-	106,212	117,620
Transportation	851,328	852,732	-	-	851,328	852,732
Capital outlay	763,221	998,029	-	-	763,221	998,029
Principal	48,412	59,963	-	-	48,412	59,963
Interest	5,431	11,926	-	-	5,431	11,926
Water	-	-	896,177	1,088,479	896,177	1,088,479
Sewer	-	-	1,077,860	925,099	1,077,860	925,099
Electric	-	-	5,761,214	5,965,548	5,761,214	5,965,548
Refuse	-	-	295,000	277,182	295,000	277,182
Other	-	-	55,802	78,256	55,802	78,256
Total program disbursements	3,200,307	3,462,662	8,086,053	8,334,564	11,286,360	11,797,226
Increase (decrease) in net assets	(86,962)	152,095	(118,780)	4,771	(205,742)	156,866
Net assets, at beginning of year	2,993,746	2,841,651	4,887,510	4,882,739	7,881,256	7,724,390
Net assets, at end of year	\$ 2,906,784	\$ 2,993,746	\$ 4,768,730	\$ 4,887,510	\$ 7,675,514	\$ 7,881,256

Governmental Activities

Program receipts represent 19.3 percent of total receipts and are comprised of charges for services, operating and capital grants and contributions.

General receipts represent 80.7 percent of the Village's total receipts of governmental activities, and of this amount, over 75.5 percent are 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, 2009
UNAUDITED

If you look at the Statement of Activities on page 54, 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 27.7, 26.6, and 23.8 percent, of all governmental disbursements, respectively. General government also represents a significant cost, about 12.8 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

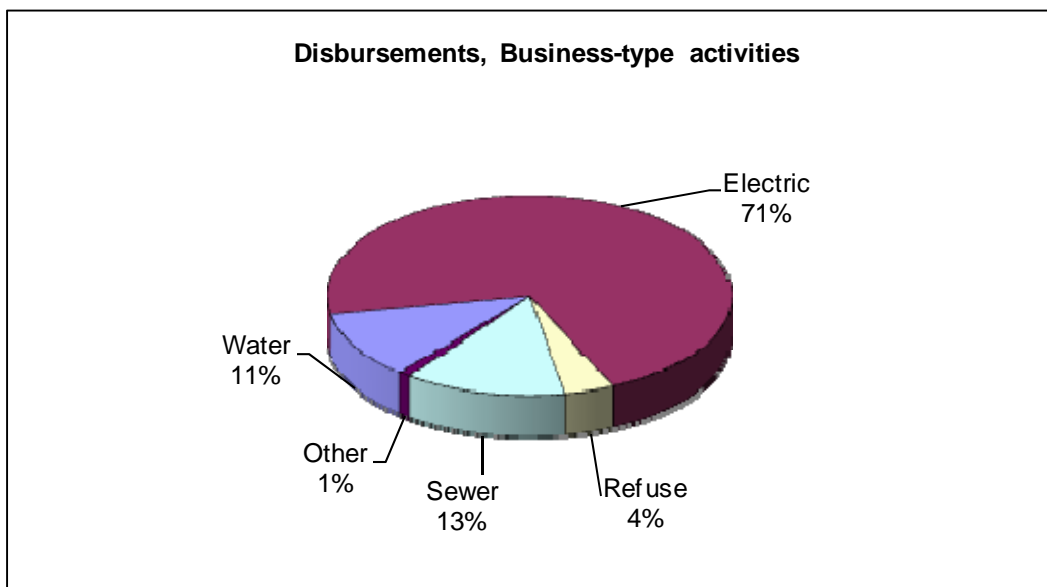
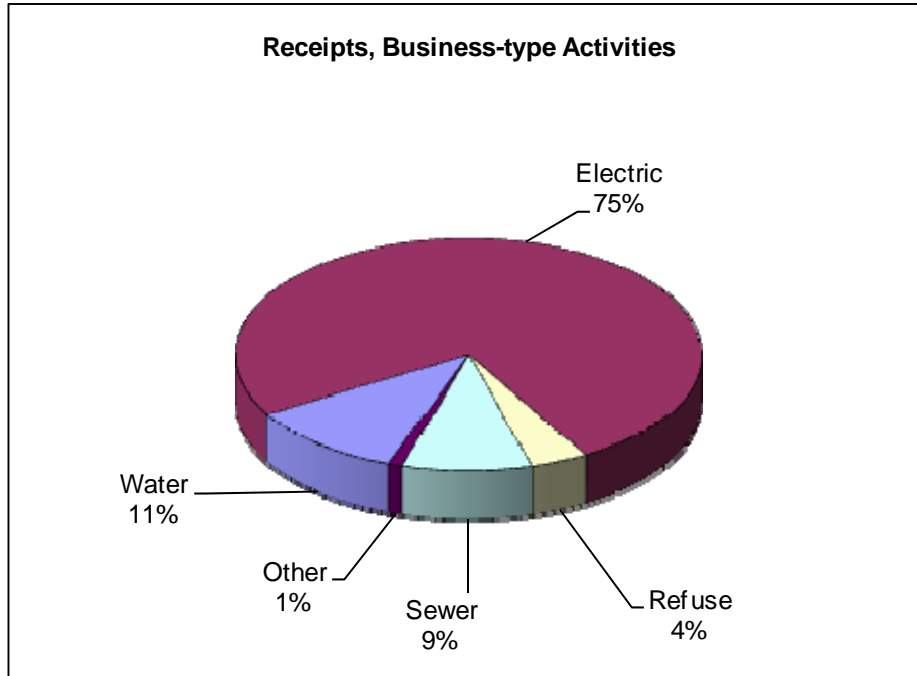
	Total Cost of Services	Net Cost of Services
Governmental activities		
General government	\$ 409,602	\$ 311,633
Security of persons and property	885,063	870,565
Public health services	67,493	67,493
Leisure time activities	63,545	48,878
Community environment	106,212	71,212
Transportation	851,328	788,957
Capital outlay	763,221	385,744
Principal	48,412	48,412
Interest and fiscal charges	5,431	5,431
Total governmental activities	\$ 3,200,307	\$ 2,598,325

The dependence upon property and income tax receipts is apparent as 59.3 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, 2009
UNAUDITED

Business-type Activities

Charges for services is the primary source of receipts for the business-type activities. Program cash receipts were \$ 193,991 lower in 2009. Disbursements for water, and sewer operations exceeded their operating receipts.



VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED

The Village's Funds

Total governmental funds had receipts of \$ 3,113,345 and disbursements of \$ 3,200,307. The greatest changes within governmental funds occurred within the General Fund and the Capital Improvements Fund. The fund balance of the General Fund decreased \$ 280,099 and the fund balance of the Capital Improvements Fund increased \$ 194,612.

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 2009, the Village amended its General Fund budget three times to reflect changing circumstances. Final budgeted receipts were \$ 12,437 lower than original budgeted receipts. Actual receipts were less than the final budgeted amount by \$ 687,159.

Final disbursements were budgeted at \$ 2,565,300 while actual disbursements were \$ 2,325,773.

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	
	2009	2008	2009	2008	2009	2008
OWDA loan	\$ -	\$ -	\$ 6,111,612	\$ 6,346,525	\$ 6,111,612	\$ 6,346,525
Bonds						
Special assessment	109,405	137,941	-	-	109,405	137,941
OPWC loan	255,015	149,892	94,685	103,342	349,700	253,234
	<u>\$ 364,420</u>	<u>\$ 287,833</u>	<u>\$ 6,206,297</u>	<u>\$ 6,449,867</u>	<u>\$ 6,570,717</u>	<u>\$ 6,737,700</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. The special assessment bonds were issued for street construction. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

Current Issues

The Village received funding for the Lincoln Street reconstruction and Lincoln Street sewer replacement. The Ohio Water Pollution Control APCLF & ARRA Assistance included a grant of \$ 291,029 and an interest free loan of \$ 42,586. Ohio Public Works Commission awarded a grant/loan of \$ 243,705 for the Lincoln Street reconstruction and a grant/loan of \$142,970 for the Lincoln Street sewer replacement.

VILLAGE OF WELLINGTON
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED

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 Webb Clerk-Treasurer, Village of Wellington, 115 Willard Memorial Square, Wellington, Ohio 44090.

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VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF NET ASSETS

DECEMBER 31, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in pooled cash	\$ 2,906,784	\$ 4,768,730	\$ 7,675,514
Total assets	<u>\$ 2,906,784</u>	<u>\$ 4,768,730</u>	<u>\$ 7,675,514</u>
Net assets			
Restricted for:			
Capital projects	\$ 1,104,098	\$ -	\$ 1,104,098
Debt service	68,646	-	68,646
Highways and streets	837,623	-	837,623
Security of persons and property	57,651	-	57,651
Recreation	15,970	-	15,970
Other	148		148
Unrestricted	822,648	4,768,730	5,591,378
Total net assets	<u>\$ 2,906,784</u>	<u>\$ 4,768,730</u>	<u>\$ 7,675,514</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 409,602	\$ 97,969	\$ -	\$ -
Security of persons and property	885,063	12,543	1,955	-
Public health services	67,493	-	-	-
Leisure time activities	63,545	13,943	724	-
Community environment	106,212	-	35,000	-
Transportation	851,328	-	-	62,371
Capital outlay	763,221	2,456	-	375,021
Principal	48,412	-	-	-
Interest and fiscal charges	5,431	-	-	-
Total governmental activities	<u>3,200,307</u>	<u>126,911</u>	<u>37,679</u>	<u>437,392</u>
Business-type activities				
Water	896,177	852,918	-	-
Sewer	1,077,860	755,898	-	-
Electric	5,761,214	5,990,110	-	-
Refuse	295,000	295,490	-	-
Other	55,802	72,840	-	-
Total business-type activities	<u>8,086,053</u>	<u>7,967,256</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,286,360</u>	<u>\$ 8,094,167</u>	<u>\$ 37,679</u>	<u>\$ 437,392</u>

General receipts
Property taxes levied for:
 General purposes
 Municipal income taxes
 Grants and entitlements not restricted to specific programs
Interest
Other
Total general receipts

Change in net assets

Net assets at beginning of year

Net assets at end of year

The accompanying notes are an integral part of these financial statements.

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (311,633)	\$ -	\$ (311,633)
(870,565)	-	(870,565)
(67,493)	-	(67,493)
(48,878)	-	(48,878)
(71,212)	-	(71,212)
(788,957)	-	(788,957)
(385,744)	-	(385,744)
(48,412)	-	(48,412)
(5,431)	-	(5,431)
<u>(2,598,325)</u>	<u>-</u>	<u>(2,598,325)</u>
-	(43,259)	(43,259)
-	(321,962)	(321,962)
-	228,896	228,896
-	490	490
-	17,038	17,038
-	(118,797)	(118,797)
<u>(2,598,325)</u>	<u>(118,797)</u>	<u>(2,717,122)</u>
621,517	-	621,517
1,274,877	-	1,274,877
532,530	-	532,530
80,465	17	80,482
1,974	-	1,974
<u>2,511,363</u>	<u>17</u>	<u>2,511,380</u>
(86,962)	(118,780)	(205,742)
<u>2,993,746</u>	<u>4,887,510</u>	<u>7,881,256</u>
<u>\$ 2,906,784</u>	<u>\$ 4,768,730</u>	<u>\$ 7,675,514</u>

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES -
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	General Fund	Railroad Grade Crossing Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in pooled cash	\$ 822,648	\$ 402,541	\$ 1,104,098	\$ 577,497	\$ 2,906,784
Total assets	\$ 822,648	\$ 402,541	\$ 1,104,098	\$ 577,497	\$ 2,906,784
Fund balances					
Reserved for encumbrances	76,345	-	473,000	113,317	662,662
Unreserved reported in:					
General fund	746,303	-	-	-	746,303
Special revenue funds	-	402,541	-	395,534	798,075
Debt service funds	-	-	-	68,646	68,646
Capital projects	-	-	631,098	-	631,098
Total net assets	\$ 822,648	\$ 402,541	\$ 1,104,098	\$ 577,497	\$ 2,906,784

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

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

FOR THE YEAR ENDED DECEMBER 31, 2009

	General	Railroad Grade Crossing Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Municipal income tax	\$ 956,154	\$ -	\$ 318,723	\$ -	\$ 1,274,877
Property and other taxes	551,775	-	-	69,742	621,517
Special assessments	-	-	3,251	62,371	65,622
Charges for services	46,580	-	2,456	13,943	62,979
Fines, licenses and permits	33,450	-	-	-	33,450
Intergovernmental	289,726	-	371,770	280,483	941,979
Interest	59,838	12,823	-	7,804	80,465
Contributions and donations	824	-	-	-	824
Miscellaneous	30,982	-	650	-	31,632
Total revenues	1,969,329	12,823	696,850	434,343	3,113,345
Expenditures					
Current					
General government	409,602	-	-	-	409,602
Security of persons and property	869,556	-	-	15,507	885,063
Public health services	4,443	-	-	63,050	67,493
Leisure time activities	49,279	-	-	14,266	63,545
Community environment	106,212	-	-	-	106,212
Transportation	719,654	-	-	131,674	851,328
Capital outlay	90,682	-	482,362	190,177	763,221
Debt service					
Principal	-	-	19,876	28,536	48,412
Interest and fiscal charges	-	-	-	5,431	5,431
Total disbursements	2,249,428	-	502,238	448,641	3,200,307
Net change in fund balances	(280,099)	12,823	194,612	(14,298)	(86,962)
Fund balances at beginning of year	1,102,747	389,718	909,486	591,795	2,993,746
Fund balances at end of year	\$ 822,648	\$ 402,541	\$ 1,104,098	\$ 577,497	\$ 2,906,784

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGET BASIS

FOR THE YEAR ENDED DECEMBER 31, 2009

	GENERAL FUND			Variance w ith Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Municipal income tax	\$ 1,300,000	\$ 1,300,000	\$ 956,154	\$ (343,846)
Property and other taxes	396,816	396,816	551,775	154,959
Charges for services	37,000	37,000	46,580	9,580
Fines, licenses and permits	64,000	64,000	33,450	(30,550)
Intergovernmental	538,109	525,672	289,726	(235,946)
Interest	220,000	220,000	59,838	(160,162)
Contributions and donations	15,000	15,000	824	(14,176)
Miscellaneous	98,000	98,000	30,982	(67,018)
Total revenues	<u>2,668,925</u>	<u>2,656,488</u>	<u>1,969,329</u>	<u>(687,159)</u>
Expenditures				
Current				
General government	440,000	453,000	429,387	23,613
Security of persons and property	947,300	957,300	876,348	80,952
Public health services	5,000	5,000	4,443	557
Leisure time activities	47,000	47,000	50,717	(3,717)
Community environment	131,000	136,000	112,541	23,459
Transportation	775,000	775,000	752,168	22,832
Capital outlay	42,000	42,000	100,169	(58,169)
Total disbursements	<u>2,387,300</u>	<u>2,415,300</u>	<u>2,325,773</u>	<u>89,527</u>
Excess of receipts over (under) disbursements	<u>281,625</u>	<u>241,188</u>	<u>(356,444)</u>	<u>(597,632)</u>
Other financing sources (uses)				
Transfers-out	(150,000)	(150,000)	-	150,000
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>
Net change in fund balances	131,625	91,188	(356,444)	(447,632)
Prior year encumbrances appropriated	111,096	111,096	111,096	-
Fund balances at beginning of year	991,651	991,651	991,651	-
Fund balances at end of year	<u>\$ 1,234,372</u>	<u>\$ 1,193,935</u>	<u>\$ 746,303</u>	<u>\$ (447,632)</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGET BASIS

FOR THE YEAR ENDED DECEMBER 31, 2009

	RAILROAD GRADE CROSSING FUND			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Interest	\$ 20,000	\$ 20,000	\$ 12,823	\$ (7,177)
Net change in fund balances	20,000	20,000	12,823	(7,177)
Prior year encumbrances appropriated	-	-	-	-
Fund balance at beginning of year	389,718	389,718	389,718	-
Fund balance at end of year	\$ 409,718	\$ 409,718	\$ 402,541	\$ (7,177)

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
STATEMENT OF FUND NET ASSETS – CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2009

	Water	Sewer	Electric	Other Enterprise Funds	Total Enterprise Funds
Assets					
Equity in pooled cash	\$ 464,643	\$ 761,941	\$ 3,239,382	\$ 302,764	\$ 4,768,730
Total assets	<u>\$ 464,643</u>	<u>\$ 761,941</u>	<u>\$ 3,239,382</u>	<u>\$ 302,764</u>	<u>\$ 4,768,730</u>
Net assets					
Unrestricted	\$ 464,643	\$ 761,941	\$ 3,239,382	\$ 302,764	\$ 4,768,730
Total net assets	<u>\$ 464,643</u>	<u>\$ 761,941</u>	<u>\$ 3,239,382</u>	<u>\$ 302,764</u>	<u>\$ 4,768,730</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND NET ASSETS – PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2009

	Water	Sewer	Electric	Other Enterprise Funds	Total Enterprise Funds
Operating receipts					
Charges for services	\$ 841,473	\$ 751,964	\$ 5,885,123	\$ 366,013	\$ 7,844,573
Interest	-	-	-	17	17
Miscellaneous	11,445	3,934	104,987	2,317	122,683
Total operating receipts	<u>852,918</u>	<u>755,898</u>	<u>5,990,110</u>	<u>368,347</u>	<u>7,967,273</u>
Operating disbursements					
Personal services	440,154	376,110	751,095	-	1,567,359
Travel transportation	769	1,181	1,319	-	3,269
Contractual services	42,804	38,355	4,760,695	350,177	5,192,031
Materials and supplies	149,128	83,343	172,883	-	405,354
Capital outlay	47,995	208,998	75,222	625	332,840
Total operating disbursements	<u>680,850</u>	<u>707,987</u>	<u>5,761,214</u>	<u>350,802</u>	<u>7,500,853</u>
Operating income (loss)	<u>172,068</u>	<u>47,911</u>	<u>228,896</u>	<u>17,545</u>	<u>466,420</u>
Non-operating receipts/disbursements					
Principal paid	(74,926)	(168,644)	-	-	(243,570)
Interest and fiscal charges	(140,401)	(201,229)	-	-	(341,630)
Total non-operating receipts/disbursements	<u>(215,327)</u>	<u>(369,873)</u>	<u>-</u>	<u>-</u>	<u>(585,200)</u>
Change in net assets	(43,259)	(321,962)	228,896	17,545	(118,780)
Net assets at beginning of year	<u>507,902</u>	<u>1,083,903</u>	<u>3,010,486</u>	<u>285,219</u>	<u>4,887,510</u>
Net assets at end of year	<u>\$ 464,643</u>	<u>\$ 761,941</u>	<u>\$ 3,239,382</u>	<u>\$ 302,764</u>	<u>\$ 4,768,730</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY

STATEMENT OF NET ASSETS –
FIDUCIARY FUNDS

DECEMBER 31, 2009

	<u>Agency</u>
Assets	
Equity in pooled cash	<u>\$ 10,990</u>
Total assets	<u>10,990</u>
Net assets	
Unrestricted	<u>10,990</u>
Total net assets	<u>\$ 10,990</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 12 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 13 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 13 of these financial statements.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. BASIS OF PRESENTATION

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets 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 assets 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 assets 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, 2009

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

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. 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.

Railroad Grade Crossing - This fund is used to account for monies to be used for a railroad underpass.

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.

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, 2009

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 Village Clerk. 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 certificated 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 2009 amounted to \$ 59,838, which included \$ 51,087 assigned from other Village funds.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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, 2009.

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, 2009

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 8 and 9, 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 ASSETS

Net assets are 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 assets are available. As of December 31, 2009, net assets restricted by enabling legislation were \$ 68,646 in the statement of net assets.

N. FUND BALANCE RESERVES

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

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.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 – 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 and the Railroad Grade Crossing Fund are 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 encumbrances outstanding at year end (budgetary basis) amounted to \$ 76,345 for the General Fund. There were no encumbrances outstanding at year end for the Railroad Grade Crossing Fund.

NOTE 4 - 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;

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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).

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 \$ 2,263,462, and the bank balance was \$ 2,322,125. Of the bank balance, \$ 500,000 was covered by federal depository insurance and \$ 1,822,125 was uninsured. Of the remaining balance, \$ 1,822,125 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.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2009, the Village had the following investments:

	Weighted Average Maturities Years	Fair Value
STAR Ohio	n/a	\$ 5,371,237
Local government securities	n/a	51,405
		\$ 5,422,642

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.

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, 2009:

	Percentage of Investments
STAR Ohio	99.1%
Local government securities	0.9%

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 – INCOME TAXES

The Village levies a one percent income tax whose proceeds are placed into the General Fund and Capital Improvements Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

NOTE 6 – PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. The tangible personal property tax has been phased out – the assessment percentage for all property including inventory was zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2009, was \$ 4.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

	2009 Collection Year
Property valuation consisted of:	
Real property	\$ 93,913,980
Public utility property	1,719,150
Tangible personal property	536,585
Total valuation	\$ 96,169,715

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 7 – 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 8 – 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. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, 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 and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for members and employer contributions. For 2009, member and employer contribution rates were consistent with 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 Pension Plan. The 2009 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 10.1%. The 2009 employer contribution rate for state and local employers was 14.00% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2009 was 17.63% of covered payroll.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$ 157,374, \$ 136,898, and \$ 155,243, respectively. The Village has paid all contributions required through December 31, 2009.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

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 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers and 24.00 percent for firefighters. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2009, 2008, and 2007 were \$ 38,594, \$ 38,225, and \$ 36,458, respectively. The Village has paid all contributions required through December 31, 2009. The Village has no firefighters.

NOTE 9 - 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 postemployment 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. 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 writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 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.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - POSTEMPLOYMENT BENEFITS (continued)

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employer units contributed at 17.63%. 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 Retirement Board 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 the health care plan was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage 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 to OPERS for the years ending December 31, 2009, 2008, and 2007 were \$ 272,360, \$ 273,796, and \$ 261,898, respectively, of which \$ 114,986, \$ 136,898, and \$ 106,655, respectively, was allocated to the healthcare plan.

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

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.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - POSTEMPLOYMENT BENEFITS (continued)

B. OHIO POLICE AND FIRE PENSION FUND (continued)

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, 2009, 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 OP&F for the years ending December 31, 2009, 2008, and 2007, were \$ 59,026, \$ 58,461, and \$ 55,759, respectively, of which \$ 20,432, \$ 20,237, and \$ 19,301, respectively, was allocated to the healthcare plan. The Village has no firefighters.

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 10 - DEBT

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

	Outstanding 12/31/08	Additions	Reductions	Outstanding 12/31/09	Due In One Year
<u>Governmental activities</u>					
Special assessment bonds					
Street Improvements (1999) 6.0% through 2019	\$ 36,543	\$ -	\$ 2,429	\$ 34,114	\$ 2,577
Street Improvements (2000) 5.75% through 2020	18,398	-	1,107	17,291	1,170
Street Improvements (1990) Varying % through 2010	16,000	-	8,000	8,000	8,000
Street Improvements (1989) 7.65% through 2009	3,000	-	3,000	-	-
Street Improvements (1991) 7.50% through 2011	14,000	-	4,000	10,000	5,000
Street Improvements (1993) Varying % through 2013	50,000	-	10,000	40,000	10,000
Total special assessment bonds	<u>137,941</u>	<u>-</u>	<u>28,536</u>	<u>109,405</u>	<u>26,747</u>
Ohio Public Works					
OPWC loan (2002) 0% through 2022	149,892	-	13,626	136,266	13,627
OPWC loan (2009) 0% through 2029	-	124,999	6,250	118,749	6,250
Total OPWC loans	<u>149,892</u>	<u>124,999</u>	<u>19,876</u>	<u>255,015</u>	<u>19,877</u>
Total governmental activities	<u>\$ 287,833</u>	<u>\$ 124,999</u>	<u>\$ 48,412</u>	<u>\$ 364,420</u>	<u>\$ 46,624</u>

VILLAGE OF WELLINGTON, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 10 – DEBT (continued)

	Outstanding 12/31/08	Additions	Reductions	Outstanding 12/31/09	Due In One Year
<u>Business-type activities</u>					
Ohio Public Works					
OPWC loan (2002)					
0% through 2022	\$ 56,023	\$ -	\$ 4,150	\$ 51,873	\$ 4,150
OPWC loan (1999)					
0% through 2019	47,319	-	4,507	42,812	4,507
Total OPWC loans	<u>103,342</u>	<u>-</u>	<u>8,657</u>	<u>94,685</u>	<u>8,657</u>
Ohio Water Development Authority					
OWDA loan (1999)					
6.32% through 2024	1,070,784	-	44,894	1,025,890	47,731
OWDA loan (1999)					
6.87% through 2024	662,326	-	37,310	625,016	39,873
OWDA loan (2000)					
5.86% through 2024	772,105	-	31,944	740,161	33,816
OWDA loan (2005)					
4.66% through 2025	1,921,300	-	83,149	1,838,151	87,069
OWDA loan (2006)					
4.59% through 2037	1,920,010	-	37,616	1,882,394	39,363
Total OWDA loans	<u>6,346,525</u>	<u>-</u>	<u>234,913</u>	<u>6,111,612</u>	<u>247,852</u>
Total business-type activities	<u>\$ 6,449,867</u>	<u>\$ -</u>	<u>\$ 243,570</u>	<u>\$ 6,206,297</u>	<u>\$ 256,509</u>

The Special Assessment Bonds were issued for street reconstruction. 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, 2009

NOTE 10 – 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
2010	\$ 26,747	\$ 6,771	\$ 19,876	\$ 46,623	\$ 6,771
2011	18,972	4,996	19,876	38,848	4,996
2012	14,209	3,784	19,876	34,085	3,784
2013	14,462	2,935	19,876	34,338	2,935
2014	4,728	2,070	19,876	24,604	2,070
2015- 2019	28,240	5,801	99,385	127,625	5,801
2020 - 2024	2,047	118	31,250	33,297	118
2025 - 2029	-	-	25,000	25,000	-
	<u>\$ 109,405</u>	<u>\$ 26,475</u>	<u>\$ 255,015</u>	<u>\$ 364,420</u>	<u>\$ 26,475</u>

Year	Business-type Activities				
	OWDA loans		OPWC loans	Total	
	Principal	Interest	Principal	Principal	Interest
2010	\$ 247,852	\$ 328,993	\$ 8,657	\$ 256,509	\$ 328,993
2011	261,521	315,323	8,657	270,178	315,323
2012	275,964	300,880	8,657	284,621	300,880
2013	291,225	285,619	8,656	299,881	285,619
2014	307,352	269,492	8,656	316,008	269,492
2015- 2019	1,812,655	1,071,566	41,028	1,853,683	1,071,566
2020 - 2024	1,859,549	541,487	10,374	1,869,923	541,487
2025 - 2029	426,578	236,001	-	426,578	236,001
2030 - 2034	535,233	127,346	-	535,233	127,346
2035 - 2040	93,683	14,535	-	93,683	14,535
	<u>\$ 6,111,612</u>	<u>\$ 3,491,242</u>	<u>\$ 94,685</u>	<u>\$ 6,206,297</u>	<u>\$ 3,491,242</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, 2009

NOTE 11 – 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 12 – 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 2009, 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 2009, 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 2009, the Village did not make any payments 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 2009, 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, 2009

NOTE 13 – 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 \$ 14,355 at December 31, 2009. 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, 2009 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, 2009

NOTE 13 – 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 \$ 173,872 at December 31, 2009. 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 14 – RELATED PARTY TRANSACTION

A Village Council member is owner of a company from which the Village acquired miscellaneous supplies during 2009. The Village paid \$ 10,927 to Wolff Brothers Supply.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited 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 years ended December 31, 2010 and 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 22, 2011, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings to be a material weakness.

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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated December 22, 2011.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the audit committee, Village Council and others within the Village. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

December 22, 2011

VILLAGE OF WELLINGTON
LORAIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 & 2009

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

FINDING NUMBER 2010-01

Material Weakness

Financial Reporting

Sound financial reporting is the responsibility of the Clerk-Treasurer and the Village Council and is essential to ensure that the information provided to the readers of the financial statements is complete and accurate.

We noted the following weaknesses and the Clerk-Treasurer made subsequent adjustments to the financial statements and, where applicable, to the Village's accounting records:

2010

- To adjust for Law Enforcement Grant proceeds in the amount of \$4,313 received from the State of Ohio that should have been posted to the Police CPT Training Fund, but were instead posted to the General Fund.

2009

- To adjust for OPWC Receipts and Disbursements in the amount of \$53,939 made on behalf of the Village for the Lincoln Sewer Project that were not recorded in the Capital Improvement Fund within the Village's accounting records.

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data at year-end.

The Village should adopt policies and procedures for controls over recording of daily financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the Village and thereby increasing the reliability of the financial data at year-end.

Official's Response:

OPWC receipts and disbursements have been corrected and a Police CPT Training Fund will be utilized.

FINDING NUMBER 2010-02

Noncompliance

Expenditures Exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making expenditures unless they have been properly appropriated. Budgetary expenditures (that is, disbursements and encumbrances) as enacted by Council may not exceed appropriations at the legal level for all funds. The Village's legal level of control is fund, function and object level.

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 & 2009
(Continued)**

**FINDING NUMBER 2010-02
(Continued)**

Noncompliance (Continued)

Expenditures Exceeding Appropriations (Continued)

The General fund had expenditures plus encumbrances in excess of appropriations at the legal level of control at December 31, 2010 as follows:

<u>Function - Object</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
Workers Comp - Other	\$50,000	\$54,334	\$(4,334)
Zoning – Personal Services	15,000	40,222	(25,222)
Zoning - Other	25,595	35,059	(9,464)
Public Works - Other	147,514	264,914	(117,400)
Legal - Other	49,844	60,037	(10,194)

The General fund had expenditures plus encumbrances in excess of appropriations at the legal level of control at December 31, 2009 as follows:

<u>Function - Object</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
Workers Comp - Other	\$48,000	\$50,380	\$(2,380)
Zoning – Personal Services	15,155	28,825	(13,670)
Public Works - Other	247,335	371,693	(124,358)
Legal - Other	46,509	52,557	(6,048)
Income Tax – Other	29,009	31,624	(2,615)
Building – Personal Services	19,500	21,591	(2,091)

Failure to limit expenditures to appropriations could allow expenditures to exceed available resources, further resulting in negative cash fund balances.

The Village should monitor appropriations and expenditures and amend the budget appropriately.

Officials' Response:

An ordinance was passed in December to amend Appropriations. These items were omitted. The Village will monitor appropriations and expenditures and amend the budget appropriately.

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 & 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Numerous adjustments and reclassifications were made to the financial statements.	No	Reissued as Finding 2010-01.
2008-002	Ohio Rev. Code Section 5705.41(D) Fiscal Officer Certification.	No	Partially corrected and moved to the Management Letter.

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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
JANUARY 12, 2012