



**Auditor of State
Betty Montgomery**

VILLAGE OF WELLINGTON
LORAIN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of Village of Wellington, Lorain County, Ohio (the Village) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Village of Wellington, Lorain County, Ohio as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

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

The schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Village of Wellington
Lorain County
Independent Accountants' Report

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

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

Betty Montgomery
Auditor of State

July 27, 2004

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$1,438,967	\$17,594	\$0	\$144,159	\$1,600,720
Special Assessments	0	0	95,027	0	95,027
Intergovernmental Receipts	235,567	161,461	0	426,713	823,741
Charges for Services	85,900	13,175	0	5,733	104,808
Fines, Licenses, and Permits	60,959	0	0	0	60,959
Earnings on Investments	0	9,905	0	6,776	16,681
Miscellaneous	140,919	0	0	0	140,919
	<u>1,962,312</u>	<u>202,135</u>	<u>95,027</u>	<u>583,381</u>	<u>2,842,855</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	707,868	18,625	0	0	726,493
Public Health Services	9,748	0	0	0	9,748
Leisure Time Activities	14,758	21,412	0	0	36,170
Community Environment	110,249	0	0	0	110,249
Transportation	567,833	50,875	0	670,441	1,289,149
General Government	347,353	0	0	0	347,353
Debt Service:					
Principal Payments	0	0	69,712	0	69,712
Interest Payments	0	0	30,042	0	30,042
Capital Outlay	0	57,431	0	0	57,431
	<u>1,757,809</u>	<u>148,343</u>	<u>99,754</u>	<u>670,441</u>	<u>2,676,347</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>204,503</u>	<u>53,792</u>	<u>(4,727)</u>	<u>(87,060)</u>	<u>166,508</u>
Other Financing Receipts and (Disbursements):					
Advances-In	0	0	0	170,000	170,000
Advances-Out	0	0	0	(170,000)	(170,000)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	204,503	53,792	(4,727)	(87,060)	166,508
Fund Cash Balances, January 1	<u>258,649</u>	<u>644,584</u>	<u>90,034</u>	<u>246,564</u>	<u>1,239,831</u>
Fund Cash Balances, December 31	<u>\$463,152</u>	<u>\$698,376</u>	<u>\$85,307</u>	<u>\$159,504</u>	<u>\$1,406,339</u>
Reserves for Encumbrances, December 31	<u>\$96,970</u>	<u>\$68,954</u>	<u>\$0</u>	<u>\$70,421</u>	<u>\$236,345</u>

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

VILLAGE OF WELLINGTON
LORAIN COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Cash Receipts:			
Charges for Services	\$6,211,173	\$0	\$6,211,173
Miscellaneous	160,767	0	160,767
Total Operating Cash Receipts	6,371,940	0	6,371,940
Operating Cash Disbursements:			
Personal Services	1,318,890	0	1,318,890
Contractual Services	3,512,571	0	3,512,571
Supplies and Materials	358,391	0	358,391
Capital Outlay	658,154	0	658,154
Total Operating Cash Disbursements	5,848,006	0	5,848,006
Operating Income/(Loss)	523,934	0	523,934
Non-Operating Cash Disbursements:			
Debt Service	398,677		398,677
Other Non-Operating Cash Disbursements		0	0
Total Non-Operating Cash Disbursements	398,677	0	398,677
Excess of Receipts Over/(Under) Disbursements Before Interfund Advances	125,257	0	125,257
Advances-In	170,000		170,000
Advances-Out	(170,000)		(170,000)
Net Receipts Over/(Under) Disbursements	125,257	0	125,257
Fund Cash Balances, January 1	4,079,721	5,000	4,084,721
Fund Cash Balances, December 31	\$4,204,978	\$5,000	\$4,209,978
Reserve for Encumbrances, December 31	\$216,666	\$0	\$216,666

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

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

South Lorain County Ambulance District - The Ambulance District is an ambulance district organized pursuant to Ohio Rev. Code Section 505.71 and is directed by an appointed seven-member Board of Trustees representing the Village of Wellington, and Wellington, Huntington, Penfield, Rochester, Brighton, and Pittsfield Townships. The Ambulance District provides emergency medical services to the residents within the Ambulance District which includes the Village.

Wellington Community Fire District - The Fire District is a joint or community fire district organized pursuant to Ohio Rev. Code Section 505.371 and is directed by an appointed six-member Board of Trustees representing the Village of Wellington and Brighton, Huntington, Penfield, Pittsfield, and Wellington Townships. The Fire District provides fire protection and rescue services within the Fire District which includes the Village.

Wellington Union Cemetery - The Cemetery is a union cemetery organized pursuant to Ohio Rev. Code Section 759.27 and is directed by an appointed three-member Board of Trustees representing the Village of Wellington and Wellington Township. The Cemetery provides for the sale of burial lots, grave openings and closings, and the perpetual care of graves to residents of the Village and Township. The Cemetery operates and maintains the West Herrick Cemetery and Greenwood Cemetery, both located in the Village.

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

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

Wellington Community Improvement Corporation - The Wellington CIC is a community improvement corporation organized pursuant to Ohio Rev. Code Section 1724 and is directed by a seven-member Board of Trustees which includes the Village Mayor, Council President, and Village Administrator. The Wellington CIC coordinates community development activities within the Village.

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

B. Basis of Accounting

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

VILLAGE OF WELLINGTON
LORAIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

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

C. Cash and Investments

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

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

D. Fund Accounting

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

General Fund

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

Special Revenue Funds

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

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

Debt Service Fund

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

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

Capital Project Fund

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

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

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Enterprise Funds

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

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

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

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

Fiduciary Fund (Agency Fund)

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

E. Budgetary Process

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

Estimated Resources

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

Appropriations

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

Encumbrances

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

A summary of 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

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

2. POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2003 was as follows:

Demand deposits	\$ 286,988
Certificates of deposit	<u>1,066,572</u>
Total deposits	<u>1,353,560</u>
Federal agency securities	4,000,000
STAR Ohio	192,912
Manuscript investment	<u>69,845</u>
Total investments	<u>4,262,757</u>
Total deposits and investments	<u>\$5,616,317</u>

Deposits:

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

Investments:

Investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form. The manuscript investments of \$69,845 are owned by the Capital Improvement Fund to partially finance the retirement of the Kent/South Prospect Street and the Woodland Street special assessment project bonds. Federal agency securities are held by the United American Capital Corporation in the name of the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 was as follows:

<u>Fund Type</u>	<u>2003 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$ 2,112,128	\$1,962,312	(\$ 149,816)
Special Revenue	215,161	202,135	(13,026)
Debt Service	150,000	95,027	(54,973)
Capital Projects	540,000	753,381	213,381
Enterprise	<u>9,015,000</u>	<u>6,541,940</u>	<u>(2,473,060)</u>
Total	<u>\$12,032,289</u>	<u>\$9,554,795</u>	<u>(\$2,477,494)</u>

<u>Fund Type</u>	<u>2003 Budgeted vs. Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General	\$ 1,984,957	\$1,854,779	\$ 130,178
Special Revenue	248,559	217,297	31,262
Debt Service	103,900	99,754	4,146
Capital Projects	1,051,945	910,862	141,083
Enterprise	<u>8,871,552</u>	<u>6,633,349</u>	<u>2,238,203</u>
Total	<u>\$12,260,913</u>	<u>\$9,716,041</u>	<u>\$2,544,872</u>

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

The Village was in violation of Ohio Revised Code Section 5705.40. This caused the Capital Projects appropriation to exceed estimated resources by \$265,381.

4. PROPERTY TAX

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

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

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

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

5. INCOME TAXES

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

6. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rates</u>
Ohio Water Development Authority Loan	\$3,132,103	5.86 to 8.4%
General Obligation Bonds	530,000	4.1 to 6.38%
Special Assessment Bonds	600,684	4.9 to 12.5%
Ohio Public Works Loan	<u>156,828</u>	None
Total	<u>\$4,419,615</u>	

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

The General Obligation Bonds are for improvements to the Village's electric utility. The Ohio Public Works Commission (OPWC) loans financed waterline improvements and replacements. The Special Assessment Bonds were issued for street reconstruction.

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

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)**

6. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 234,702	\$ 241,858	\$ 476,560
2005	232,665	230,389	463,054
2006	237,337	219,202	456,539
2007	239,360	207,637	446,997
2008	245,993	195,923	441,916
2009-2013	1,042,941	803,587	1,846,528
2014-2018	1,021,508	532,113	1,553,621
2019-2024	<u>1,165,109</u>	<u>224,551</u>	<u>1,389,660</u>
Total	<u>\$4,419,615</u>	<u>\$2,655,260</u>	<u>\$7,074,875</u>

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

8. RISK MANAGEMENT

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

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

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

9. CONTINGENCIES

The Village received financial assistance from 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.

10. RELATED PARTY TRANSACTIONS

Two Village Council members are owners of companies from which the Village acquired hardware, tools, and miscellaneous supplies during 2003. The Village paid \$2,252 to Wolff Brothers Supply and \$28,857 to Farm and Home Hardware.

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass- Through Entity Number	CFDA Number	Expenditures
U.S. Department of Housing and Urban Development			
Passed through Ohio Department of Development			
Small Cities Community Development Block Grant	C-T-01-229-1	14.228	\$108,954
Passed through Lorain County			
Community Development Block Grant – ED	B-E-01-043-1	14.228	<u>328,563</u>
Total U.S. Department of Housing and Urban Development			<u>\$437,517</u>
Total Federal Awards Expenditures			<u>\$437,517</u>

The notes to the Schedule of Federal Awards Expenditures are an integral part of this statement.

**VILLAGE OF WELLINGTON
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (Schedule) summarizes activity of the Village's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

CFDA – Catalog of Federal Domestic Assistance



**Auditor of State
Betty Montgomery**

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

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

We have audited the financial statements of the Village of Wellington, Lorain County, Ohio (the Village) as of and for the year ended December 31, 2003, and have issued our report thereon dated July 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

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

Betty Montgomery
Auditor of State

July 27, 2004



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Village of Wellington, Lorain County, Ohio, (the Village) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village of Wellington complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 27, 2004.

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



Betty Montgomery
Auditor of State

July 27, 2004

**VILLAGE OF WELLINGTON
LORAIN COUNTY
DECEMBER 31, 2003**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Was there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Was there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant CFDA# 14.228
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF WELLINGTON

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 12, 2004**