



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Fund Types For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Fund Types For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Wellington Township, Lorain County, Ohio, (Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Wellington Township, Lorain County, Ohio as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

March 29, 2000

Wellington Township

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$32,463	\$81,854	\$124,760	\$239,077
Intergovernmental	55,149	69,446	12,501	137,096
Charges for Services	0	15,900	0	15,900
Licenses, Permits, and Fees	2,986	0	0	2,986
Earnings on Investments	17,166	157	6,425	23,748
Other Revenue	8,081	1,642	0	9,723
Total Cash Receipts	<u>115,845</u>	<u>168,999</u>	<u>143,686</u>	<u>428,530</u>
Cash Disbursements:				
Current:				
General Government	64,064	20,907	2,053	87,024
Public Works	1,263	106,507	0	107,770
Debt Service:				
Redemption of Principal	0	0	35,000	35,000
Interest and Fiscal Charges	0	0	20,075	20,075
Capital Outlay	37,804	0	0	37,804
Total Cash Disbursements	<u>103,131</u>	<u>127,414</u>	<u>57,128</u>	<u>287,673</u>
Total Receipts Over/(Under) Disbursements	<u>12,714</u>	<u>41,585</u>	<u>86,558</u>	<u>140,857</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	3,909	0	3,909
Transfers-Out	(3,909)	0	0	(3,909)
Total Other Financing Receipts/(Disbursements)	<u>(3,909)</u>	<u>3,909</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>8,805</u>	<u>45,494</u>	<u>86,558</u>	<u>140,857</u>
Fund Cash Balances, January 1	<u>90,205</u>	<u>62,146</u>	<u>513,093</u>	<u>665,444</u>
Fund Cash Balances, December 31	<u><u>\$99,010</u></u>	<u><u>\$107,640</u></u>	<u><u>\$599,651</u></u>	<u><u>\$806,301</u></u>
Reserve for Encumbrances, December 31	<u><u>\$9,950</u></u>	<u><u>\$27,471</u></u>	<u><u>\$0</u></u>	<u><u>\$37,421</u></u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<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:					
Local Taxes	\$29,272	\$78,331	\$118,336	\$0	\$225,939
Intergovernmental	60,756	65,569	11,932	33,037	171,294
Charges for Services	0	6,000	0	0	6,000
Licenses, Permits, and Fees	3,158	0	0	0	3,158
Earnings on Investments	12,777	276	0	0	13,053
Other Revenue	3,189	155	0	0	3,344
Total Cash Receipts	<u>109,152</u>	<u>150,331</u>	<u>130,268</u>	<u>33,037</u>	<u>422,788</u>
Cash Disbursements:					
Current:					
General Government	64,737	15,590	977	0	81,304
Public Works	759	123,881	0	0	124,640
Health	1,821	0	0	0	1,821
Debt Service:					
Redemption of Principal	0	0	35,000	0	35,000
Interest and Fiscal Charges	0	0	24,695	0	24,695
Capital Outlay	37,851	0	0	33,037	70,888
Total Cash Disbursements	<u>105,168</u>	<u>139,471</u>	<u>60,672</u>	<u>33,037</u>	<u>338,348</u>
Total Receipts Over/(Under) Disbursements	<u>3,984</u>	<u>10,860</u>	<u>69,596</u>	<u>0</u>	<u>84,440</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	0	0	7,841	0	7,841
Transfers-Out	(7,841)	0	0	0	(7,841)
Total Other Financing Receipts/(Disbursements)	<u>(7,841)</u>	<u>0</u>	<u>7,841</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(3,857)</u>	<u>10,860</u>	<u>77,437</u>	<u>0</u>	<u>84,440</u>
Fund Cash Balances, January 1	<u>94,062</u>	<u>51,286</u>	<u>435,656</u>	<u>0</u>	<u>581,004</u>
Fund Cash Balances, December 31	<u>\$90,205</u>	<u>\$62,146</u>	<u>\$513,093</u>	<u>\$0</u>	<u>\$665,444</u>
Reserve for Encumbrances, December 31	<u>\$34,720</u>	<u>\$4,818</u>	<u>\$0</u>	<u>\$0</u>	<u>\$39,538</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wellington Township, Lorain County, Ohio (Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees (Trustees). The Township provides governmental and road services.

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

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 trust or capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

Road and Bridge Fund- Receives property tax money for the maintaining of roads and bridges in the Township.

Debt Service Fund

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

Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

Issue II Fund- Issue II funds are received from the State of Ohio and are used to repair or reconstruct Township roads.

E. Budgetary Process

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

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 Township Trustees 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.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. POOLED CASH AND INVESTMENTS

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. POOLED CASH AND INVESTMENTS (Continued)

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 501,492	\$ 375,238
Certificates of deposits	304,809	290,206
Total deposits and investments	<u>\$ 806,301</u>	<u>\$ 665,444</u>

Deposits:

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$98,448	\$115,845	\$17,397
Special Revenue	160,055	172,908	12,853
Debt Service	149,205	143,686	(5,519)
Total	<u>\$407,708</u>	<u>\$432,439</u>	<u>\$24,731</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditure			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$141,916	\$116,990	\$24,926
Special Revenue	173,679	154,885	18,794
Debt Service	67,205	57,128	10,077
Total	<u>\$382,800</u>	<u>\$329,003</u>	<u>\$53,797</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,683	\$109,152	\$14,469
Special Revenue	148,396	150,331	1,935
Debt Service	157,663	138,109	(19,554)
Capital Projects	38,713	33,037	(5,676)
Total	<u>\$439,455</u>	<u>\$430,629</u>	<u>(\$8,826)</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$185,412	\$147,729	\$37,683
Special Revenue	188,200	144,289	43,911
Debt Service	57,000	60,672	(3,672)
Capital Projects	38,713	33,037	5,676
Total	\$469,325	\$385,727	\$83,598

4. PROPERTY TAX

Real property taxed become a lien on January 1 preceding the October 1 date for which rates are adopted by Trustees. The Ohio Board for 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 Treasurer by December 31. The second half payment is due the following June 20th.

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

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

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$185,000	5%

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

The General Obligation Bonds are for a Library Improvement issue. The Township is the taxing authority for the Herrick Memorial Library and must issue all debt on behalf of the Library.

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

Year ending December 31:	General Obligation Bonds
2000	51,881
2001	43,688
2002	40,950
2003	38,213
Subsequent	<u>68,213</u>
Total	<u>\$242,945</u>

6. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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 1999 and 1998, PERS members contributed, 8.5% of their gross salaries. The Township contributed an amount equal 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions.

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

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

To the Board of Trustees:

We have audited the financial statements of Wellington Township, Lorain County, Ohio, (Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 29, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 29, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 29, 2000.

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

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

March 29, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WELLINGTON TOWNSHIP

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 23, 2000**