



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF WELLINGTON  
LORAIN COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

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

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, 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, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2020 and 2019, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund and Street Construction and Maintenance Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Emphasis of Matter**

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 7, 2022

VILLAGE OF WELLINGTON  
LORAIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(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, 2020, 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 2020 are as follows

The net position of governmental activities increased \$ 428,936 or 11.0 percent from 2019. This was the result of increases of \$ 224,106 in the General Fund, \$ 42,841 in the Street Construction and Maintenance Fund (SCMR), \$ 123,266 in the Capital Improvements Fund and a \$ 38,723 increase in the Other Governmental Funds.

The Village's general receipts are primarily municipal income taxes and property and other local taxes. These receipts represent respectively 48.0 percent and 13.7 percent of the total cash received for governmental activities during the year.

The net position of business-type activities increased \$ 274,597 from 2019. Net position in the Water Fund, Sewer Fund, Electric Fund and Other Enterprise Funds increased by \$ 38,570, \$ 104,619, \$ 97,830 and \$ 33,578, 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 Position – Cash Basis and the Statement of Activities – Cash Basis 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, 2020  
(UNAUDITED)

**Basis of Accounting**

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

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

**Government-wide Financial Statements**

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis reflect how the Village did financially during 2020, within the limitations of cash basis accounting. The Statement of Net Position – Cash Basis presents the equity in pooled cash of the governmental and business-type activities of the Village at year-end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, 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.

**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.



VILLAGE OF WELLINGTON  
LORAIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

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, SCMR Fund, and Capital Improvements 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 fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The Village has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Village's custodial fund accounts for fire insurance escrow activity.

**The Village as a Whole**

Table 1 provides a summary of the Village's net position for 2020 compared to 2019 on a cash basis:

**Table 1  
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Equity in pooled cash	\$ 4,312,385	\$ 3,883,449	\$ 4,767,508	\$ 4,492,911	\$ 9,079,893	\$ 8,376,360
Total assets	<u>\$ 4,312,385</u>	<u>\$ 3,883,449</u>	<u>\$ 4,767,508</u>	<u>\$ 4,492,911</u>	<u>\$ 9,079,893</u>	<u>\$ 8,376,360</u>
Net position						
Restricted for:						
Capital projects	\$ 1,296,783	\$ 1,173,517	\$ -	\$ -	\$ 1,296,783	\$ 1,173,517
Debt service	144,968	155,550	-	-	144,968	155,550
Other	1,040,603	948,457	-	-	1,040,603	948,457
Unrestricted	1,830,031	1,605,925	4,767,508	4,492,911	6,597,539	6,098,836
Total net position	<u>\$ 4,312,385</u>	<u>\$ 3,883,449</u>	<u>\$ 4,767,508</u>	<u>\$ 4,492,911</u>	<u>\$ 9,079,893</u>	<u>\$ 8,376,360</u>

As mentioned previously, the net position of governmental activities increased \$ 428,936 or 11.0 percent during 2020.

VILLAGE OF WELLINGTON  
LORAIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

Table 2 reflects the changes in net position in 2020 compared to 2019 on a cash basis.

**Table 2**  
**Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Receipts						
Program receipts						
Charges for services	\$ 349,347	\$ 258,234	\$ 10,812,295	\$ 11,149,523	\$ 11,161,642	\$ 11,407,757
Operating grants and contributions	362,437	8,063	-	-	362,437	8,063
Capital grants and contributions	67,915	67,570	55,937	44,405	123,852	111,975
Total program receipts	779,699	333,867	10,868,232	11,193,928	11,647,931	11,527,795
General receipts						
Property and other local taxes	640,739	664,449	-	-	640,739	664,449
Municipal income taxes	2,240,929	2,417,520	-	-	2,240,929	2,417,520
Grants and entitlements	508,163	443,086	-	-	508,163	443,086
Loan proceeds	-	5,116	-	-	-	5,116
Proceeds from sale of capital assets	-	23,509	-	-	-	23,509
Interest	67,734	103,321	59	160	67,793	103,481
Other	408,140	588,408	-	-	408,140	588,408
Advances	25,000	25,000	(25,000)	(25,000)	-	-
General receipts and advances	3,890,705	4,270,409	(24,941)	(24,840)	3,865,764	4,245,569
Total receipts	\$ 4,670,404	\$ 4,604,276	\$ 10,843,291	\$ 11,169,088	\$ 15,513,695	\$ 15,773,364

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VILLAGE OF WELLINGTON  
LORAIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

**Table 2**  
**Change in Net Position**  
(Concluded)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program cash disbursements						
General government	\$ 837,130	\$ 799,402	\$ -	\$ -	\$ 837,130	\$ 799,402
Security of persons and property	1,335,487	1,431,581	-	-	1,335,487	1,431,581
Public health services	368,096	35,118	-	-	368,096	35,118
Leisure time activities	77,687	85,060	-	-	77,687	85,060
Community environment	186,688	148,910	-	-	186,688	148,910
Transportation	873,473	879,442	-	-	873,473	879,442
Capital outlay	508,754	563,538	-	-	508,754	563,538
Principal	47,446	58,464	-	-	47,446	58,464
Interest and fiscal charges	6,707	8,086	-	-	6,707	8,086
Water	-	-	974,518	959,511	974,518	959,511
Sewer	-	-	1,159,693	1,145,398	1,159,693	1,145,398
Electric	-	-	8,056,469	8,362,962	8,056,469	8,362,962
Refuse	-	-	342,071	332,620	342,071	332,620
Other	-	-	35,943	62,014	35,943	62,014
Total program cash disbursements	<u>4,241,468</u>	<u>4,009,601</u>	<u>10,568,694</u>	<u>10,862,505</u>	<u>14,810,162</u>	<u>14,872,106</u>
Increase (decrease) in net position	428,936	594,675	274,597	306,583	703,533	901,258
Net position, at beginning of year	<u>3,883,449</u>	<u>3,288,774</u>	<u>4,492,911</u>	<u>4,186,328</u>	<u>8,376,360</u>	<u>7,475,102</u>
Net position, at end of year	<u>\$ 4,312,385</u>	<u>\$ 3,883,449</u>	<u>\$ 4,767,508</u>	<u>\$ 4,492,911</u>	<u>\$ 9,079,893</u>	<u>\$ 8,376,360</u>

**Governmental Activities**

Program receipts represent 16.7 percent of total receipts and are comprised of charges for services, operating and capital grants and contributions.

General receipts represent 83.3 percent of the Village's total receipts of governmental activities, and of this amount, 74.0 percent are municipal income taxes and property and other local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council, the Finance Director 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, 2020  
(UNAUDITED)

If you look at the Statement of Activities – Cash Basis 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, general government and capital outlay which account for 31.5 percent, 20.6 percent, 19.7 percent, and 12.0 percent of all governmental disbursements, respectively. 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 (Disbursement) Receipt 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	\$ 837,130	\$ 503,318
Security of persons and property	1,335,487	1,313,877
Public health services	368,096	22,530
Leisure time activities	77,687	75,687
Community environment	186,688	177,892
Transportation	873,473	813,050
Capital outlay	508,754	501,262
Principal	47,446	47,446
Interest and fiscal charges	6,707	6,707
Total governmental activities	\$ 4,241,468	\$ 3,461,769

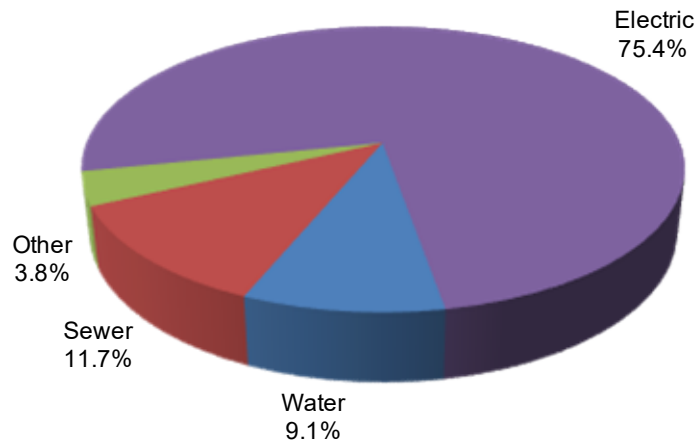
The dependence upon property and income tax receipts is apparent as 67.9 percent of governmental activities are supported through these general receipts.

VILLAGE OF WELLINGTON  
LORAIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

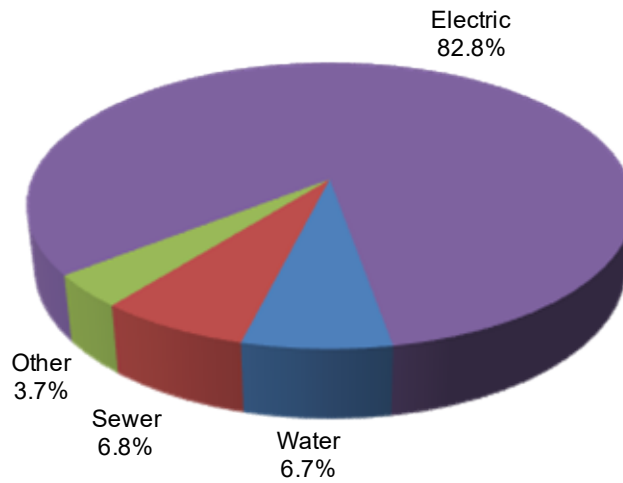
**Business-type Activities**

Charges for services is the primary source of receipts for the business-type activities. Program cash receipts were \$ 325,696 lower in 2020.

**Receipts, Business-type Activities**



**Operating Disbursements, Business-type Activities**



VILLAGE OF WELLINGTON  
LORAIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

**The Village's Funds**

Total governmental funds had receipts of \$ 4,645,404 and disbursements of \$ 4,241,468. Net other financing sources (uses) totaled \$ 25,000. The fund balances of the General Fund, SCMR Fund, Capital Improvements Fund and Other Governmental Funds changed by \$ 224,106, \$ 42,841, \$ 123,266 and \$ 38,723, respectively.

**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

During 2020, the Village amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were \$ 139,025 higher than original budgeted receipts. Actual receipts were less than the final budgeted amount by \$ 179,326. Original and final disbursements were budgeted at \$ 3,608,609. Actual disbursements were \$ 416,588 less than the final budgeted amount.

During 2020, the Village did not amend its SCMR Fund budget. Original and final budgeted receipts were \$ 268,000. Actual receipts were less than the final budgeted amount by \$ 12,135. Final budgeted disbursements were the same as original appropriations. Actual disbursements were \$ 23,404 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:

	Total	
	2020	2019
Special assessment bonds	\$ -	\$ 2,046
OWDA loans	3,886,180	4,388,627
OPWC loans	556,291	596,906
Lorain County loan	2,500	7,500
	\$ 4,444,971	\$ 4,995,079

The special assessment bonds were for street improvements. The OWDA loans relate to water, sewer and storm sewer projects. OPWC loans financed street and waterline improvements and replacements. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

VILLAGE OF WELLINGTON  
LORAIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

**Current Issues**

**CARES Act**

As part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the Village received \$ 343,999 in funding in 2020. Funds were used in accordance with the requirements of Section 5001 of the "Coronavirus Aid, Relief, and Economic Security Act," as described in 42 U.S.C. 601 and focused primarily on procurement of personal protective equipment and sanitization goods, reimbursement of public safety payroll expenses for police personnel whose services were substantially dedicated to mitigating or responding to the COVID-19 health emergency and for reimbursement of administrative leave costs for employees who could not telework during the Governor's Stay at Home order.

**Police Station Facility Relocation Project**

In 2020, the Village engaged Poggemeyer Design Group for architectural design/engineering services and bidding/construction inspection services for the new police facility located at 147/149 East Herrick Avenue. Final design plans, construction estimates and construction schedule are expected to be completed in the first quarter of 2021. Financing, bid award and construction commencement are anticipated by June, 2021 with final construction completion anticipated by December, 2021.

**Quiet Zone Project**

In June of 2019, the Village entered into a construction agreement with CSX, Inc. for construction of supplemental safety measures necessary to establish a rail crossing quiet zone (no train horns) at the Barker, West Herrick and Maygar Street rail crossings. CSX commenced construction in April, 2020 and completed all work including the installation of power out indicators and signal bells in May, 2020. In September, 2020, village personnel installed new medians and vehicular/pedestrian signage required at all three crossings. The quiet zone officially went into effect on November 3, 2020.

**Ground Storage Tank and Raw Water Pump Improvement Project**

In July of 2017, the Village executed a \$ 350,000 financial assistance agreement with the Ohio Public Works Commission for the proposed Ground Storage Tank and Raw Water Pump Improvement Project. The financial assistance includes a 50% grant and 50% loan at 0%. The proposed project includes the replacement of a 1952 ground level storage tank located on Erie Street and four (4) drive units on raw water pumps located at the raw water pumping station on Pitts Road. Total project cost is estimated at \$ 1.746 million with remaining financial assistance expected from the Ohio EPA Hazardous Algae Bloom (HAB) loan program at 0% interest. In 2020, the Village was informed that it qualified for principal loan forgiveness on the HAB loan an amount to be determined due to the Village's "Disadvantage Community" status. Eligibility for the Disadvantage Community Loan Program is based upon an evaluation of health related factors, water and sewer rate affordability, population, median household income and poverty rate. The principal loan forgiveness will reduce overall debt service on the project over the 30 year term. Project design plans were completed in late 2019 and approved by the Ohio EPA in June, 2020. Bids were opened in November, 2020 and awarded to Mid-Atlantic Tank Co. and North Bay Construction in December, 2020. Construction is expected to commence in the Spring of 2021.

**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 Vanya Hales Pfeiffer, Finance Director, Village of Wellington, 115 Willard Memorial Square, Wellington, Ohio 44090.

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VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
STATEMENT OF NET POSITION – CASH BASIS  
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Equity in pooled cash	\$ 4,312,385	\$ 4,767,508	\$ 9,079,893
<b>Total assets</b>	<b>\$ 4,312,385</b>	<b>\$ 4,767,508</b>	<b>\$ 9,079,893</b>
<b>Net position</b>			
Restricted for:			
Capital projects	\$ 1,296,783	\$ -	\$ 1,296,783
Debt service	144,968	-	144,968
Highways and streets	851,003	-	851,003
Security of persons and property	168,579	-	168,579
Other	21,021	-	21,021
Unrestricted	1,830,031	4,767,508	6,597,539
<b>Total net position</b>	<b>\$ 4,312,385</b>	<b>\$ 4,767,508</b>	<b>\$ 9,079,893</b>

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY

STATEMENT OF ACTIVITIES – CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Current				
General government	\$ 837,130	\$ 333,712	\$ 100	\$ -
Security of persons and property	1,335,487	12,068	9,542	-
Public health services	368,096	1,567	343,999	-
Leisure time activities	77,687	2,000	-	-
Community environment	186,688	-	8,796	-
Transportation	873,473	-	-	60,423
Capital outlay	508,754	-	-	7,492
Debt service				
Principal	47,446	-	-	-
Interest and fiscal charges	6,707	-	-	-
Total governmental activities	<u>4,241,468</u>	<u>349,347</u>	<u>362,437</u>	<u>67,915</u>
Business-type activities				
Water	974,518	981,506	-	31,582
Sewer	1,159,693	1,264,957	-	24,355
Electric	8,056,469	8,154,299	-	-
Refuse	342,071	363,489	-	-
Other	35,943	48,044	-	-
Total business-type activities	<u>10,568,694</u>	<u>10,812,295</u>	<u>-</u>	<u>55,937</u>
Total	<u>\$ 14,810,162</u>	<u>\$ 11,161,642</u>	<u>\$ 362,437</u>	<u>\$ 123,852</u>

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

Change in net position

Net position at beginning of year

Net position at end of year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (503,318)	\$ -	\$ (503,318)
(1,313,877)	-	(1,313,877)
(22,530)	-	(22,530)
(75,687)	-	(75,687)
(177,892)	-	(177,892)
(813,050)	-	(813,050)
(501,262)	-	(501,262)
(47,446)	-	(47,446)
(6,707)	-	(6,707)
<u>(3,461,769)</u>	<u>-</u>	<u>(3,461,769)</u>
-	38,570	38,570
-	129,619	129,619
-	97,830	97,830
-	21,418	21,418
-	12,101	12,101
-	<u>299,538</u>	<u>299,538</u>
<u>(3,461,769)</u>	<u>299,538</u>	<u>(3,162,231)</u>
640,739	-	640,739
2,240,929	-	2,240,929
508,163	-	508,163
67,734	59	67,793
408,140	-	408,140
25,000	(25,000)	-
<u>3,890,705</u>	<u>(24,941)</u>	<u>3,865,764</u>
428,936	274,597	703,533
<u>3,883,449</u>	<u>4,492,911</u>	<u>8,376,360</u>
<u>\$ 4,312,385</u>	<u>\$ 4,767,508</u>	<u>\$ 9,079,893</u>

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

	<u>General Fund</u>	<u>SCMR Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in pooled cash	\$ 1,830,031	\$ 600,817	\$ 1,296,783	\$ 584,754	\$ 4,312,385
<b>Total assets</b>	<b><u>\$ 1,830,031</u></b>	<b><u>\$ 600,817</u></b>	<b><u>\$ 1,296,783</u></b>	<b><u>\$ 584,754</u></b>	<b><u>\$ 4,312,385</u></b>
<b>Fund balances</b>					
Restricted	\$ -	\$ 600,817	\$ 1,296,783	\$ 584,754	\$ 2,482,354
Assigned	90,865	-	-	-	90,865
Unassigned	1,739,166	-	-	-	1,739,166
<b>Total fund balances</b>	<b><u>\$ 1,830,031</u></b>	<b><u>\$ 600,817</u></b>	<b><u>\$ 1,296,783</u></b>	<b><u>\$ 584,754</u></b>	<b><u>\$ 4,312,385</u></b>

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY

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

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	SCMR Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and other taxes	\$ 587,201	\$ -	\$ -	\$ 53,538	\$ 640,739
Municipal income tax	1,790,929	-	450,000	-	2,240,929
Special assessments	-	1,055	41,315	19,561	61,931
Charges for services	420,503	-	-	-	420,503
Fines, licenses and permits	101,125	-	-	-	101,125
Intergovernmental	344,716	250,895	-	452,662	1,048,273
Interest	63,510	3,915	-	309	67,734
Contributions and donations	9,542	-	-	100	9,642
Miscellaneous	45,469	-	7,492	1,567	54,528
<b>Total receipts</b>	<u>3,362,995</u>	<u>255,865</u>	<u>498,807</u>	<u>527,737</u>	<u>4,645,404</u>
<b>Disbursements</b>					
<b>Current</b>					
General government	834,630	-	-	2,500	837,130
Security of persons and property	1,301,837	-	-	33,650	1,335,487
Public health services	4,802	-	-	363,294	368,096
Leisure time activities	77,687	-	-	-	77,687
Community environment	186,688	-	-	-	186,688
Transportation	753,245	71,076	-	49,152	873,473
Capital outlay	-	122,938	375,541	10,275	508,754
Debt service					
Principal	5,000	15,534	-	26,912	47,446
Interest and fiscal charges	-	3,476	-	3,231	6,707
<b>Total disbursements</b>	<u>3,163,889</u>	<u>213,024</u>	<u>375,541</u>	<u>489,014</u>	<u>4,241,468</u>
Excess of receipts over (under) disbursements	<u>199,106</u>	<u>42,841</u>	<u>123,266</u>	<u>38,723</u>	<u>403,936</u>
<b>Other financing sources (uses)</b>					
Advances in	25,000	-	-	-	25,000
<b>Total other financing sources</b>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Net change in fund balances	224,106	42,841	123,266	38,723	428,936
Fund balances at beginning of year	1,605,925	557,976	1,173,517	546,031	3,883,449
<b>Fund balances at end of year</b>	<u>\$ 1,830,031</u>	<u>\$ 600,817</u>	<u>\$ 1,296,783</u>	<u>\$ 584,754</u>	<u>\$ 4,312,385</u>

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY

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

FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and other taxes	\$ 728,375	\$ 728,375	\$ 587,201	\$ (141,174)
Municipal income tax	1,800,000	1,800,000	1,790,929	(9,071)
Charges for services	492,795	631,820	418,503	(213,317)
Fines, licenses and permits	63,500	63,500	101,125	37,625
Intergovernmental	192,626	192,626	344,716	152,090
Interest	70,000	70,000	63,510	(6,490)
Contributions and donations	6,000	6,000	9,542	3,542
Miscellaneous	48,000	48,000	45,469	(2,531)
<b>Total receipts</b>	<b>3,401,296</b>	<b>3,540,321</b>	<b>3,360,995</b>	<b>(179,326)</b>
<b>Disbursements</b>				
<b>Current</b>				
General government	937,350	937,350	855,248	82,102
Security of persons and property	1,522,714	1,522,714	1,305,184	217,530
Public health services	5,500	5,500	4,802	698
Leisure time activities	93,150	93,150	77,612	15,538
Community environment	243,795	243,795	189,926	53,869
Transportation	801,100	801,100	754,249	46,851
<b>Debt service</b>				
Principal	5,000	5,000	5,000	-
<b>Total disbursements</b>	<b>3,608,609</b>	<b>3,608,609</b>	<b>3,192,021</b>	<b>416,588</b>
Excess of receipts over (under) disbursements	(207,313)	(68,288)	168,974	237,262
<b>Other financing sources</b>				
Proceeds from sale of capital assets	20,000	20,000	-	(20,000)
Advances in	25,000	25,000	25,000	-
<b>Total other financing sources</b>	<b>45,000</b>	<b>45,000</b>	<b>25,000</b>	<b>(20,000)</b>
<b>Net change in fund balances</b>	<b>(162,313)</b>	<b>(23,288)</b>	<b>193,974</b>	<b>217,262</b>
Prior year encumbrances appropriated	26,709	26,709	26,709	-
Unencumbered fund balances at beginning of year	1,518,484	1,518,484	1,518,484	-
<b>Unencumbered fund balances at end of year</b>	<b>\$ 1,382,880</b>	<b>\$ 1,521,905</b>	<b>\$ 1,739,167</b>	<b>\$ 217,262</b>

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY

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

FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special assessments	\$ 1,000	\$ 1,000	\$ 1,055	\$ 55
Intergovernmental	261,000	261,000	250,895	(10,105)
Interest	6,000	6,000	3,915	(2,085)
Total receipts	<u>268,000</u>	<u>268,000</u>	<u>255,865</u>	<u>(12,135)</u>
Disbursements				
Current				
Transportation	92,223	92,223	72,871	19,352
Capital outlay	124,000	124,000	122,938	1,062
Debt service				
Principal	18,000	18,000	15,534	2,466
Interest and fiscal charges	4,000	4,000	3,476	524
Total disbursements	<u>238,223</u>	<u>238,223</u>	<u>214,819</u>	<u>23,404</u>
Net change in fund balances	29,777	29,777	41,046	11,269
Prior year encumbrances appropriated	7,223	7,223	7,223	-
Unencumbered fund balances at beginning of year	<u>550,753</u>	<u>550,753</u>	<u>550,753</u>	<u>-</u>
Unencumbered fund balances at end of year	<u>\$ 587,753</u>	<u>\$ 587,753</u>	<u>\$ 599,022</u>	<u>\$ 11,269</u>

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
STATEMENT OF FUND NET POSITION – CASH BASIS  
PROPRIETARY FUNDS  
DECEMBER 31, 2020

	Water Fund	Sewer Fund	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Assets					
Equity in pooled cash	\$ 360,834	\$ 581,407	\$ 3,452,008	\$ 373,259	\$ 4,767,508
Total assets	<u>\$ 360,834</u>	<u>\$ 581,407</u>	<u>\$ 3,452,008</u>	<u>\$ 373,259</u>	<u>\$ 4,767,508</u>
Net position					
Unrestricted	\$ 360,834	\$ 581,407	\$ 3,452,008	\$ 373,259	\$ 4,767,508
Total net position	<u>\$ 360,834</u>	<u>\$ 581,407</u>	<u>\$ 3,452,008</u>	<u>\$ 373,259</u>	<u>\$ 4,767,508</u>

See accompanying notes to the basic financial statements.



VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND NET POSITION – CASH BASIS – PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Water Fund	Sewer Fund	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Receipts</b>					
Charges for services	\$ 953,787	\$ 1,241,730	\$ 7,850,154	\$ 411,533	\$ 10,457,204
Interest	-	-	-	59	59
Miscellaneous	27,719	23,227	304,145	-	355,091
<b>Total receipts</b>	<b>981,506</b>	<b>1,264,957</b>	<b>8,154,299</b>	<b>411,592</b>	<b>10,812,354</b>
<b>Operating disbursements</b>					
Personal services	418,480	443,860	744,332	-	1,606,672
Travel transportation	300	660	180	-	1,140
Contractual services	46,295	57,083	6,847,584	330,587	7,281,549
Materials and supplies	187,545	155,329	445,673	31,055	819,602
<b>Total operating disbursements</b>	<b>652,620</b>	<b>656,932</b>	<b>8,037,769</b>	<b>361,642</b>	<b>9,708,963</b>
<b>Operating income</b>	<b>328,886</b>	<b>608,025</b>	<b>116,530</b>	<b>49,950</b>	<b>1,103,391</b>
<b>Non-operating receipts (disbursements)</b>					
Special assessments	782	4,355	-	-	5,137
Capital outlay	(114,098)	(72,106)	(18,700)	(16,372)	(221,276)
Principal paid	(145,381)	(357,281)	-	-	(502,662)
Interest and fiscal charges	(62,419)	(73,374)	-	-	(135,793)
<b>Total non-operating receipts (disbursements)</b>	<b>(321,116)</b>	<b>(498,406)</b>	<b>(18,700)</b>	<b>(16,372)</b>	<b>(854,594)</b>
<b>Income before contributions and advances</b>	<b>7,770</b>	<b>109,619</b>	<b>97,830</b>	<b>33,578</b>	<b>248,797</b>
Capital contributions - tap fees	30,800	20,000	-	-	50,800
Advances out	-	(25,000)	-	-	(25,000)
<b>Change in net position</b>	<b>38,570</b>	<b>104,619</b>	<b>97,830</b>	<b>33,578</b>	<b>274,597</b>
<b>Net position at beginning of year</b>	<b>322,264</b>	<b>476,788</b>	<b>3,354,178</b>	<b>339,681</b>	<b>4,492,911</b>
<b>Net position at end of year</b>	<b>\$ 360,834</b>	<b>\$ 581,407</b>	<b>\$ 3,452,008</b>	<b>\$ 373,259</b>	<b>\$ 4,767,508</b>

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
STATEMENT OF FIDUCIARY NET POSITION  
CASH BASIS  
DECEMBER 31, 2020

	Custodial Fund
Assets	
Equity in pooled cash	\$ 16,771
Total assets	\$ 16,771
Net position	
Restricted for individuals and other organizations	\$ 16,771
Total net position	\$ 16,771

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CASH BASIS  
DECEMBER 31, 2020

	Custodial Fund
Additions	
Miscellaneous	\$ 10,880
Total additions	10,880
Deductions	
Other distributions	30,800
Total deductions	30,800
Net increase in fiduciary net position	(19,920)
Net position at beginning of year	36,691
Net position at end of year	\$ 16,771

See accompanying notes to the basic financial statements.

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VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

B. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

The Village participates in jointly governed organizations and joint ventures. Notes 12, 13, and 14 to the financial statements provide additional information for these entities.

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

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. 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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position – cash basis and the statement of activities –cash basis 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.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION (continued)

Government-wide Financial Statements (continued)

The statement of net position – cash basis presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities – cash basis compares disbursements with program receipts for each program or function of the Village's governmental and business 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 program 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.

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.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING (continued)

Governmental Funds

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

General Fund - The General Fund accounts for and reports 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.

Street Construction and Maintenance Fund (SCMR) – This fund accounts for the portion of State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the Village.

Capital Improvements Fund – This fund accounts for and reports proceeds of municipal income tax, general obligation notes and other grants or aid committed by Council for the purpose of improving, constructing and purchasing those items necessary to enhance the operation of the Village.

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

Proprietary Funds

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

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

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

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

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

Fiduciary Funds

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics, for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Village's custodial fund accounts for fire insurance escrow activity.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING

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

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

D. BUDGETARY PROCESS

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

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

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

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

E. CASH AND INVESTMENTS

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Interest recorded to the General Fund during the year amounted to \$ 63,510 which included \$ 50,207 assigned from other Village funds.

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.



VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CASH AND INVESTMENTS (continued)

During 2020, the Village invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

F. RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally 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.

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 15 and 16, the employer contributions include portions for pension benefits and for postretirement health care benefits (OPEB).

VILLAGE OF WELLINGTON, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. LONG-TERM OBLIGATIONS

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

M. NET POSITION

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

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

N. FUND BALANCE

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

VILLAGE OF WELLINGTON, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. FUND BALANCE (continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

O. INTERNAL ACTIVITY

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  
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**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES**

For 2020, The Village implemented Governmental Accounting Standards Board (GASB Statement 95 – “Postponement of the Effective Dates of Certain Authoritative Guidance.” The following GASB implementations have been postponed:

GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this standard to reporting periods beginning after June 15, 2021.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, issued in June 2018, establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period by simplifying accounting for interest cost incurred before the end of a construction period. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this standard to reporting periods beginning after December 15, 2020.

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and the SCMR 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 following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the General Fund and the SCMR Fund.

Net Change in Fund Balance		
	General Fund	SCMR Fund
Budget basis	\$ 193,974	\$ 41,046
Adjustments .		
Encumbrances	28,207	1,795
Funds budgeted elsewhere **	1,925	-
Cash basis, as reported	\$ 224,106	\$ 42,841

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

VILLAGE OF WELLINGTON, OHIO  
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**NOTE 5 – FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on a fund for the major governmental funds and all other governmental funds are presented below:

	General Fund	SCMR Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Fund balances					
Restricted					
Capital projects	\$ -	\$ -	\$ 1,296,783	\$ -	\$ 1,296,783
Debt service	-	-	-	144,968	144,968
Highways and streets	-	600,817	-	250,186	851,003
Security of persons and property	-	-	-	168,579	168,579
Other	-	-	-	21,021	21,021
	<u>-</u>	<u>600,817</u>	<u>1,296,783</u>	<u>584,754</u>	<u>2,482,354</u>
Assigned					
Recreation	50,592	-	-	-	50,592
Encumbrances	28,208	-	-	-	28,208
Railroad grade crossing improvement	7,065	-	-	-	7,065
Other	5,000	-	-	-	5,000
	<u>90,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,865</u>
Unassigned	1,739,166	-	-	-	1,739,166
Total fund balances	<u>\$ 1,830,031</u>	<u>\$ 600,817</u>	<u>\$ 1,296,783</u>	<u>\$ 584,754</u>	<u>\$ 4,312,385</u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

**A. LEGAL REQUIREMENTS**

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.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
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;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

VILLAGE OF WELLINGTON, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

B. 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, \$ 4,622,945 of the Village's bank balance of \$ 8,858,851 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the Federal Deposit Insurance Corporation. One of the Village's financial institutions was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

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 the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

C. Investments

As of December 31, 2020, the Village had the following investments:

	Measurement Value	Maturity
STAR Ohio	\$ 319,909	55.8 days

VILLAGE OF WELLINGTON, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

D. Interest Rate Risk

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 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 the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

E. Credit Risk

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

F. CONCENTRATION OF CREDIT RISK

The Village places no limit on the amount that may be invested in any one issuer. The following is the Village's allocation as of December 31, 2020.

	Percentage of Investments
STAR Ohio	100.0%

G. CUSTODIAL CREDIT RISK

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 ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, Council, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

NOTE 7 - INCOME TAXES

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

The Village's income tax ordinance requires income tax receipts to be used to defray costs of collecting and administering the tax, to defray operating expenses for the municipality, and/ or for capital improvements for the municipality. In 2020, the receipts were allocated to the General Fund and Capital Improvements Fund.



VILLAGE OF WELLINGTON, OHIO  
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NOTE 8 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2019 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2020, was \$ 4.10 per \$ 1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

	2020 Collection Year
Property valuation consisted of:	
Real property	\$ 98,186,380
Public utility property	3,119,270
Total valuation	\$ 101,305,650

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
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NOTE 9 – RISK MANAGEMENT

The Village is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2020, the Village contracted with several companies for various types of insurance as follows:

Type of Coverage	Coverage	Deductible
Hudson Insurance Company		
Blanket Property and Contents, Replacement	\$ 27,023,278	\$ 5,000
Inland Marine	1,306,856	2,500
General Liability	1,000,000 / 2,000,000	-
Automobile Liability	1,000,000	-
Public Officials Liability	1,000,000	10,000
Police Professional Liability	1,000,000	10,000
Employment Practice Liability	1,000,000	10,000
Computer - Hardware	110,000	2,500
Computer - Software	Included	2,500
Money and Securities	25,000	5,000
Umbrella Excess Liability	10,000,000	10,000
Travelers Insurance Company		
Public Employee Dishonesty	500,000	5,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - DEBT

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

	Adjusted Outstanding 12/31/19	Additions	Reductions	Outstanding 12/31/20	Due In One Year
Special assessment bonds					
5.75 % - 6.00% through 2020	\$ 2,046	\$ -	\$ 2,046	\$ -	\$ -
OWDA loans *					
2.13% - 6.87% through 2038	4,388,627	-	502,447	3,886,180	444,734
OPWC loans					
0% through 2038	596,906	-	40,615	556,291	40,615
Lorain County loan					
0% through 2020	7,500	-	5,000	2,500	2,500
	<u>\$ 4,995,079</u>	<u>\$ -</u>	<u>\$ 550,108</u>	<u>\$ 4,444,971</u>	<u>\$ 487,849</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 street and 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. The note payable to Lorain County was for the acquisition of equipment for the police department.

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

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

Year	OWDA loans		OPWC loans	Lorain County	Total	
	Principal	Interest	Principal	Principal	Principal	Interest
2021	\$ 444,734	\$ 124,584	\$ 40,615	\$ 2,500	\$ 487,849	\$ 124,584
2022	465,530	108,462	38,539	-	504,069	108,462
2023	487,401	91,532	36,465	-	523,866	91,532
2024	359,248	73,747	36,465	-	395,713	73,747
2025	161,772	62,844	36,465	-	198,237	62,844
2026 - 2030	886,460	251,354	161,193	-	1,047,653	251,354
2031 - 2035	889,857	105,868	105,680	-	995,537	105,868
2036 - 2040	191,178	5,427	62,932	-	254,110	5,427
2041- 2045	-	-	37,937	-	37,937	-
	<u>\$ 3,886,180</u>	<u>\$ 823,818</u>	<u>\$ 556,291</u>	<u>\$ 2,500</u>	<u>\$ 4,444,971</u>	<u>\$ 823,818</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  
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NOTE 11 – CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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 2020 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 2020, 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 2020, the Village paid \$ 29,958 to the Cemetery. Financial information can be obtained by contacting the Cemetery at 115 Willard Square, Wellington, Ohio, 44090.

D. WELLINGTON COMMUNITY IMPROVEMENT CORPORATION (CIC)

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 2020, 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  
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NOTE 13 – JOINT VENTURE WITH EQUITY INTEREST

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, 2020 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.

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, 2004 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 2005 through 2024.

On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable has been reduced at December 31, 2015 to \$49,803,187. AMP will continue to collect debt service from the OMEGA JV5 participants until the note is paid in full.

VILLAGE OF WELLINGTON, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 – JOINT VENTURE WITH EQUITY INTEREST (continued)

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 \$ 48,404 at December 31, 2020. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs. 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](http://www.auditor.state.oh.us).

NOTE 14 – AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's project share was 7,955 kilowatts (kW) of a total 771,281 kW, giving the Village a 1.03 percent project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed *impaired* and participants were obligated to pay those incurred costs. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share of the impaired costs at March 31, 2014 was \$ 1,381,110. The Village received a credit of \$ 337,968 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$359,764 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU), leaving an estimated net impaired cost balance of 683,378. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact either positively or negatively, the Village's net impaired cost balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the Village has made payments of \$ 341,593 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$16,798 and interest expense incurred on AMP's line-of-credit of \$ 64,179, resulting in a net impaired cost estimate at December 31, 2020 of \$ 422,762. The Village does have a potential PHFU Liability of \$ 405,016 resulting in a net total potential liability of \$ 827,778, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village intends to recover these costs and repay AMP over the next 15 years through a power cost adjustment.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 – DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTION – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Plan Description - Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit /defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

VILLAGE OF WELLINGTON, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 – DEFINED BENEFIT PENSION PLANS (continued)

A. PLAN DESCRIPTION – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.



VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 – DEFINED BENEFIT PENSION PLANS (continued)

A. PLAN DESCRIPTION – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2020 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee ***	10.0%	*	**
2020 Actual Contribution Rates			
Employer:			
Pension	14.0%	18.1%	18.1%
Post-employment Health Care Benefits ****	0.0%	0.0%	0.0%
Total Employer	<u>14.0%</u>	<u>18.1%</u>	<u>18.1%</u>
Employee	<u>10.0%</u>	<u>12.0%</u>	<u>13.0%</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

\*\*\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\*\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$ 338,303 for 2020.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 – DEFINED BENEFIT PENSION PLANS (continued)

B. PLAN DESCRIPTION – OHIO POLICE & FIRE PENSION FUND (OPF)

Plan Description - Village full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OPF Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percentage increase, if any, in the consumer price index over the 12 month period ending on September 30<sup>th</sup> of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3 percent of their base pension or disability benefit.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 – DEFINED BENEFIT PENSION PLANS (continued)

B. PLAN DESCRIPTION – OHIO POLICE & FIRE PENSION FUND (OPF) (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2020 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2020 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50%	0.50%
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee	<u>12.25%</u>	<u>12.25%</u>

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$ 102,721 for 2020. The Village has no firefighters.

NOTE 16 – POSTEMPLOYMENT BENEFITS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Plan Description – The 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 health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 – POSTEMPLOYMENT BENEFITS (continued)

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2020, OPERS did not allocate any employer contributions to post-employment health care.

B. OHIO POLICE AND FIRE PENSION FUND

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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 is codified in Chapter 742 of the Ohio Revised Code.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 – POSTEMPLOYMENT BENEFITS (continued)

B. OHIO POLICE AND FIRE PENSION FUND (continued)

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – 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 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent 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.

The OP&F Board of Trustees is also 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 contractually required contribution to OP&F was \$2,703 for 2020.

NOTE 17 – TAX ABATEMENT

Tax abatement was granted by the Village through the Ohio Community Reinvestment Area Program (Ohio Development Services Agency, Office of Tax Incentives) for Kalron LLC/Development 58 LLC located at 775 Shiloh Avenue, Wellington in the amount of 100% for 10 years on the new real property investment of \$ 900,000 (total project cost was \$ 1,500,000) in 2012. Kalron was eligible for tax abatement because they were making an investment in new real property and creating jobs. The project has created 24 new jobs. For the year ended December 31, 2020, the Village abated property taxes totaling \$ 1,872. There are no provisions for recapturing abated taxes.

Tax abatement was granted by the Village through the Ohio Community Reinvestment Area Program (Ohio Development Services Agency, Office of Tax Incentives) for Dickason Enterprises (aka U.S. Screen) located at 745 Industrial Avenue, Wellington in the amount of 100% for 10 years on the new real property investment of \$ 686,000 (total project cost was \$ 950,000) in 2020. Dickason Enterprises was eligible for tax abatement because they were making an investment in new real property and creating jobs. The project was expected to create 15 new jobs. For the year ended December 31, 2020, the Village abated property taxes totaling \$ 532. There are no provisions for recapturing abated taxes.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 18 – INTERFUND ACTIVITY

Interfund advances at December 31, 2020, consisted of \$ 25,000 advance repaid from the Sewer Fund to the General Fund. As of December 31, 2020 the Sewer Fund has a remaining \$ 25,000 due to the General Fund as a result of an unpaid advance from the prior year.

NOTE 19 – LEASES

The Village leases vehicles under noncancelable leases. The Village disbursed \$ 47,844 to pay lease costs for the year ended December 31, 2020. Future lease payments are as follows:

	Amount
2021	\$ 47,844
2022	47,844
	\$ 95,688

NOTE 20 – CONTRACTUAL COMMITMENTS

The Village has entered into contracts totaling \$ 1,157,000 for the Ground Storage Tank and Raw Water Pump Improvement Project. As of December 31, 2020 construction had not begun and no payments have been made. Construction is expected to commence in the Spring of 2021.

NOTE 21 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$10,370 was sub-granted to another organization. These amounts are reflected as public health expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

NOTE 22 – SUBSEQUENT EVENTS

The Village incurred \$ 455,803 OWDA loan proceeds and \$ 175,000 OPWC loan proceeds in 2021.

VILLAGE OF WELLINGTON  
LORAIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(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, 2019, 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 2019 are as follows

The net position of governmental activities increased \$ 594,675 or 18.1 percent from 2018. This was the result of increases of \$ 414,569 in the General Fund, \$ 33,443 in the Street Construction and Maintenance Fund (SCMR), \$ 189,472 in the Capital Improvements Fund and a \$ 42,809 decrease in the Other Governmental Funds.

The Village's general receipts are primarily municipal income taxes and property and other local taxes. These receipts represent respectively 52.5 percent and 14.4 percent of the total cash received for governmental activities during the year.

The net position of business-type activities increased \$ 306,583 from 2018. Net position in the Water Fund, Sewer Fund, Electric Fund and Other Enterprise Funds increased by \$ 19,070, \$ 106,659, \$ 157,213 and \$ 23,641, 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 Position – Cash Basis and the Statement of Activities – Cash Basis 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, 2019  
(UNAUDITED)

**Basis of Accounting**

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

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

**Government-wide Financial Statements**

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis reflect how the Village did financially during 2019, within the limitations of cash basis accounting. The Statement of Net Position – Cash Basis presents the equity in pooled cash of the governmental and business-type activities of the Village at year-end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, 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.

**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.



VILLAGE OF WELLINGTON  
LORAIN COUNTY  
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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, SCMR Fund, and Capital Improvements 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 fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The Village has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Village's custodial fund accounts for fire insurance escrow activity.

**The Village as a Whole**

Table 1 provides a summary of the Village's net position for 2019 compared to 2018 on a cash basis:

**Table 1  
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	Restated 2018	2019	2018	2019	Restated 2018
Assets						
Equity in pooled cash	\$ 3,883,449	\$ 3,288,774	\$ 4,492,911	\$ 4,186,328	\$ 8,376,360	\$ 7,475,102
Total assets	<u>\$ 3,883,449</u>	<u>\$ 3,288,774</u>	<u>\$ 4,492,911</u>	<u>\$ 4,186,328</u>	<u>\$ 8,376,360</u>	<u>\$ 7,475,102</u>
Net position						
Restricted for:						
Capital projects	\$ 1,173,517	\$ 984,045	\$ -	\$ -	\$ 1,173,517	\$ 984,045
Debt service	155,550	174,520	-	-	155,550	174,520
Other	948,457	938,853	-	-	948,457	938,853
Unrestricted	1,605,925	1,191,356	4,492,911	4,186,328	6,098,836	5,377,684
Total net position	<u>\$ 3,883,449</u>	<u>\$ 3,288,774</u>	<u>\$ 4,492,911</u>	<u>\$ 4,186,328</u>	<u>\$ 8,376,360</u>	<u>\$ 7,475,102</u>

As mentioned previously, the net position of governmental activities increased \$ 594,675 or 18.1 percent during 2019.

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Table 2 reflects the changes in net position in 2019 compared to 2018 on a cash basis.

**Table 2**  
**Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Receipts						
Program receipts						
Charges for services	\$ 258,234	\$ 187,288	\$ 11,149,523	\$ 11,686,142	\$ 11,407,757	\$ 11,873,430
Operating grants and contributions	8,063	31,605	-	-	8,063	31,605
Capital grants and contributions	67,570	143,003	44,405	29,283	111,975	172,286
Total program receipts	333,867	361,896	11,193,928	11,715,425	11,527,795	12,077,321
General receipts						
Property and other local taxes	664,449	643,215	-	-	664,449	643,215
Municipal income taxes	2,417,520	1,803,754	-	-	2,417,520	1,803,754
Grants and entitlements	443,086	319,423	-	-	443,086	319,423
Loan proceeds	5,116	27,198	-	26,821	5,116	54,019
Proceeds from sale of capital assets	23,509	14,205	-	-	23,509	14,205
Interest	103,321	72,462	160	124	103,481	72,586
Other	588,408	658,996	-	-	588,408	658,996
Transfers	-	-	-	-	-	-
Advances	25,000	25,000	(25,000)	(25,000)	-	-
General receipts and advances	4,270,409	3,564,253	(24,840)	1,945	4,245,569	3,566,198
Total receipts	\$ 4,604,276	\$ 3,926,149	\$ 11,169,088	\$ 11,717,370	\$ 15,773,364	\$ 15,643,519

(continued on next page)

VILLAGE OF WELLINGTON  
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**Table 2**  
**Change in Net Position**  
(Concluded)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program cash disbursements						
General government	\$ 799,402	\$ 761,018	\$ -	\$ -	\$ 799,402	\$ 761,018
Security of persons and property	1,431,581	1,265,712	-	-	1,431,581	1,265,712
Public health services	35,118	31,591	-	-	35,118	31,591
Leisure time activities	85,060	116,421	-	-	85,060	116,421
Community environment	148,910	148,846	-	-	148,910	148,846
Transportation	879,442	781,575	-	-	879,442	781,575
Capital outlay	563,538	884,517	-	-	563,538	884,517
Principal	58,464	55,620	-	-	58,464	55,620
Interest and fiscal charges	8,086	9,214	-	-	8,086	9,214
Water	-	-	959,511	982,269	959,511	982,269
Sewer	-	-	1,145,398	1,113,251	1,145,398	1,113,251
Electric	-	-	8,362,962	9,084,832	8,362,962	9,084,832
Refuse	-	-	332,620	325,579	332,620	325,579
Other	-	-	62,014	54,471	62,014	54,471
Total program cash disbursements	<u>4,009,601</u>	<u>4,054,514</u>	<u>10,862,505</u>	<u>11,560,402</u>	<u>14,872,106</u>	<u>15,614,916</u>
Increase (decrease) in net position	594,675	(128,365)	306,583	156,968	901,258	28,603
Net position, at beginning of year, restated	<u>3,288,774</u>	<u>3,417,139</u>	<u>4,186,328</u>	<u>4,029,360</u>	<u>7,475,102</u>	<u>7,446,499</u>
Net position, at end of year	<u>\$ 3,883,449</u>	<u>\$ 3,288,774</u>	<u>\$ 4,492,911</u>	<u>\$ 4,186,328</u>	<u>\$ 8,376,360</u>	<u>\$ 7,475,102</u>

**Governmental Activities**

Program receipts represent 7.3 percent of total receipts and are comprised of charges for services, operating and capital grants and contributions.

General receipts represent 92.7 percent of the Village's total receipts of governmental activities, and of this amount, 72.2 percent are municipal income taxes and property and other local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council, the Finance Director 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.

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If you look at the Statement of Activities – Cash Basis on page 62, 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, general government and capital outlay which account for 35.7 percent, 21.9 percent, 19.9 percent, and 14.1 percent of all governmental disbursements, respectively. 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 (Disbursement) Receipt 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	\$ 799,402	\$ 561,151
Security of persons and property	1,431,581	1,412,320
Public health services	35,118	34,005
Leisure time activities	85,060	78,132
Community environment	148,910	148,910
Transportation	879,442	817,217
Capital outlay	563,538	557,449
Principal	58,464	58,464
Interest and fiscal charges	8,086	8,086
Total governmental activities	\$ 4,009,601	\$ 3,675,734

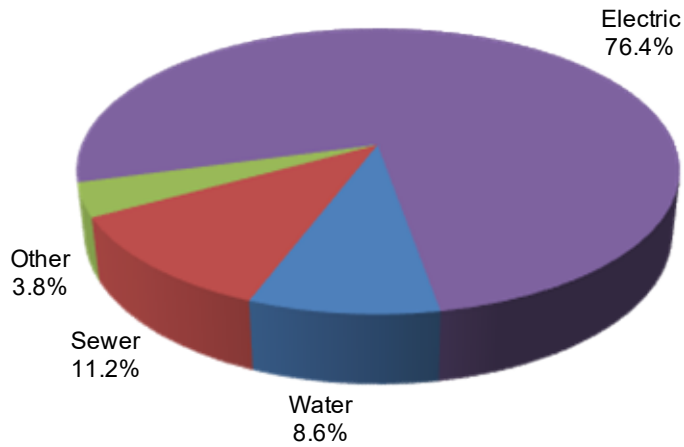
The dependence upon property and income tax receipts is apparent as 76.9 percent of governmental activities are supported through these general receipts.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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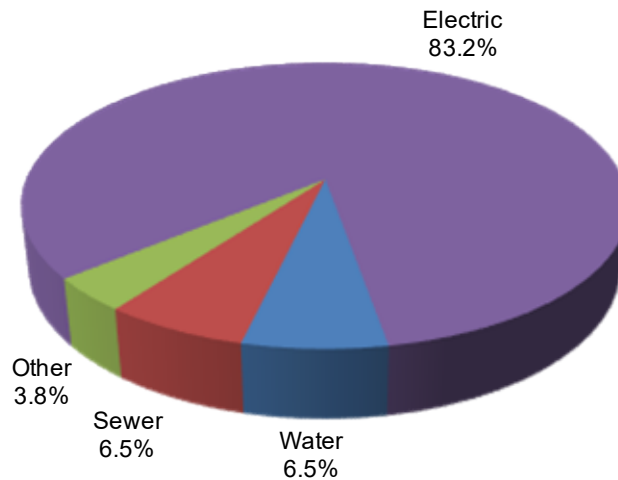
**Business-type Activities**

Charges for services is the primary source of receipts for the business-type activities. Program cash receipts were \$ 521,497 lower in 2019.

**Receipts, Business-type Activities**



**Operating Disbursements, Business-type Activities**



VILLAGE OF WELLINGTON  
LORAIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**The Village's Funds**

Total governmental funds had receipts of \$ 4,550,651 and disbursements of \$ 4,009,601. Net other financing sources (uses) totaled \$ 53,625. The fund balances of the General Fund, SCMR Fund, Capital Improvements Fund and Other Governmental Funds changed by \$ 414,569, \$ 33,443, \$ 189,472 and (\$ 42,809), respectively.

**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

During 2019, the Village amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were \$ 40,054 higher than original budgeted receipts. Actual receipts were more than the final budgeted amount by \$ 439,295. Final disbursements were budgeted at \$ 3,409,071 which was \$ 36,000 higher than original appropriations. Actual disbursements were \$ 237,928 less than the final budgeted amount.

During 2019, the Village amended its SCMR Fund budget to reflect changing circumstances. Final budgeted receipts were \$ 1,600 higher than original budgeted receipts. Actual receipts were more than the final budgeted amount by \$ 51,704. Final budgeted disbursements were the same as original appropriations. Actual disbursements were \$ 61,116 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:

	Total	
	2019	Adjusted 2018
Special assessment bond	\$ 2,046	\$ 8,369
OWDA loans *	4,388,627	4,852,566
OPWC loans	596,906	525,641
Lorain County loan	7,500	12,500
	\$ 4,995,079	\$ 5,399,076

\* OWDA adjusted the principal on two loans.

The special assessment bonds are for street improvements. OPWC loans financed street and waterline improvements and replacements. The OWDA loans relate to water, sewer and storm sewer projects. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

VILLAGE OF WELLINGTON  
LORAIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Current Issues**

**Police Station Facility Relocation Project**

In December of 2018, the Village closed on the acquisition of property located at 147/149 East Herrick Avenue for the purpose of relocating its Police Department. Property acquisition included two (2) existing tenant leases expiring in 2019 and 2021, respectively. The Village extended the expiring tenant lease in 2019 for sixteen months through mid-2020. The Village engaged Poggemeyer Design Group to prepare a facility schematic design including preliminary construction estimates and construction schedule based on tenant lease obligations. Architectural design and engineering work is expected to commence mid-2020 with bid award and construction commencement in the Spring of 2021. Project completion is planned for the Fall of 2021.

**Compensation System**

In March of 2019, Village Council adopted a new compensation plan establishing nine (9) pay grades with a minimum, mid-point and maximum rate of pay for all full-time, part-time and seasonal positions in the Village. The new compensation plan included a point factor analysis to determine the placement of village positions within the nine pay grade scale based on a review and rating of position requirements such as education, experience, supervision exercised, decision-making, level of responsibility, work independence, work environment, etc. In addition, the Village engaged a human resources consultant to assist with the development of a tier compensation system for hourly employees. The tier system was presented to Council in September of 2019 and final adoption of the new tier system is expected in early 2020.

**Quiet Zone Project**

In June of 2019, the Village entered into a construction agreement with CSX, Inc. for construction of improvements necessary to establish a rail crossing quiet zone (no train horns). CSX has one year to complete improvements including the installation of power out indicators and signal bells at the rail crossing intersections located at Maygar Street, Barker Street and West Herrick Avenue. The project is expected to be completed in mid-2020.

**Ground Storage Tank and Raw Water Pump Improvement Project**

In July of 2017, the Village executed a \$ 350,000 financial assistance agreement with the Ohio Public Works Commission for the proposed Ground Storage Tank and Raw Water Pump Improvement Project. The financial assistance includes a 50% grant and 50% loan at 0%. The proposed project includes the replacement of a 1952 ground level storage tank located on Erie Street and four (4) drive units on raw water pumps located at the raw water pumping station on Pitts Road. Total project cost is estimated at \$ 1.4 million with remaining financial assistance expected from the Ohio EPA HAB program. In June of 2018, the Village entered into a professional services agreement with Poggemeyer Design Group in the amount of \$ 142,975 for engineering, bidding and construction management services for the project. Project design plans were completed in late 2019 and are presently under review by the Ohio EPA. Construction is proposed to begin in August of 2020.

**SoFarr, Inc.**

In May of 2019, the Village, through its local Community Improvement Corporation, completed the property sale of a one acre parcel on Industrial Avenue to SoFarr, Inc. for the construction of a small tool and die shop.

VILLAGE OF WELLINGTON  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Change in Political Leadership**

In November of 2019, Council incumbents, Mark Bughman, Helen Dronsfield and Guy Wells were re-elected to 4 year terms.

**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 Vanya Pfeiffer, Finance Director, Village of Wellington, 115 Willard Memorial Square, Wellington, Ohio 44090.



VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
STATEMENT OF NET POSITION – CASH BASIS  
DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Equity in pooled cash	\$ 3,883,449	\$ 4,492,911	\$ 8,376,360
Total assets	<u>\$ 3,883,449</u>	<u>\$ 4,492,911</u>	<u>\$ 8,376,360</u>
<b>Net position</b>			
Restricted for:			
Capital projects	\$ 1,173,517	\$ -	\$ 1,173,517
Debt service	155,550	-	155,550
Highways and streets	782,002	-	782,002
Security of persons and property	155,264	-	155,264
Other	11,191	-	11,191
Unrestricted	1,605,925	4,492,911	6,098,836
Total net position	<u>\$ 3,883,449</u>	<u>\$ 4,492,911</u>	<u>\$ 8,376,360</u>

See accompanying notes to the basic financial statements.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY

STATEMENT OF ACTIVITIES – CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Current				
General government	\$ 799,402	\$ 238,251	\$ -	\$ -
Security of persons and property	1,431,581	11,973	7,288	-
Public health services	35,118	1,113	-	-
Leisure time activities	85,060	6,153	775	-
Community environment	148,910	-	-	-
Transportation	879,442	-	-	62,225
Capital outlay	563,538	744	-	5,345
Debt service				
Principal	58,464	-	-	-
Interest and fiscal charges	8,086	-	-	-
Total governmental activities	<u>4,009,601</u>	<u>258,234</u>	<u>8,063</u>	<u>67,570</u>
Business-type activities				
Water	959,511	955,999	-	22,582
Sewer	1,145,398	1,255,234	-	21,823
Electric	8,362,962	8,520,175	-	-
Refuse	332,620	351,905	-	-
Other	62,014	66,210	-	-
Total business-type activities	<u>10,862,505</u>	<u>11,149,523</u>	<u>-</u>	<u>44,405</u>
Total	<u>\$ 14,872,106</u>	<u>\$ 11,407,757</u>	<u>\$ 8,063</u>	<u>\$ 111,975</u>

General receipts  
 Property taxes levied for:  
   General purposes  
   Municipal income taxes  
 Grants and entitlements not restricted to specific programs  
 Loan proceeds  
 Proceeds from sale of capital assets  
 Interest  
 Other  
 Advances  
 Total general receipts and advances

Change in net position

Net position at beginning of year, restated

Net position at end of year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (561,151)	\$ -	\$ (561,151)
(1,412,320)	-	(1,412,320)
(34,005)	-	(34,005)
(78,132)	-	(78,132)
(148,910)	-	(148,910)
(817,217)	-	(817,217)
(557,449)	-	(557,449)
(58,464)	-	(58,464)
(8,086)	-	(8,086)
<u>(3,675,734)</u>	<u>-</u>	<u>(3,675,734)</u>
-	19,070	19,070
-	131,659	131,659
-	157,213	157,213
-	19,285	19,285
-	4,196	4,196
-	<u>331,423</u>	<u>331,423</u>
<u>(3,675,734)</u>	<u>331,423</u>	<u>(3,344,311)</u>
664,449	-	664,449
2,417,520	-	2,417,520
443,086	-	443,086
5,116	-	5,116
23,509	-	23,509
103,321	160	103,481
588,408	-	588,408
25,000	(25,000)	-
<u>4,270,409</u>	<u>(24,840)</u>	<u>4,245,569</u>
594,675	306,583	901,258
<u>3,288,774</u>	<u>4,186,328</u>	<u>7,475,102</u>
<u>\$ 3,883,449</u>	<u>\$ 4,492,911</u>	<u>\$ 8,376,360</u>

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES -  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019

	General Fund	SCMR Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in pooled cash	\$ 1,605,925	\$ 557,976	\$ 1,173,517	\$ 546,031	\$ 3,883,449
<b>Total assets</b>	<b>\$ 1,605,925</b>	<b>\$ 557,976</b>	<b>\$ 1,173,517</b>	<b>\$ 546,031</b>	<b>\$ 3,883,449</b>
<b>Fund balances</b>					
Restricted	\$ -	\$ 557,976	\$ 1,173,517	\$ 546,031	\$ 2,277,524
Assigned	223,045	-	-	-	223,045
Unassigned	1,382,880	-	-	-	1,382,880
<b>Total fund balances</b>	<b>\$ 1,605,925</b>	<b>\$ 557,976</b>	<b>\$ 1,173,517</b>	<b>\$ 546,031</b>	<b>\$ 3,883,449</b>

See accompanying notes to the basic financial statement.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY

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

FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	SCMR Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and other taxes	\$ 610,395	\$ -	\$ -	\$ 54,054	\$ 664,449
Municipal income tax	2,017,520	-	400,000	-	2,417,520
Special assessments	-	1,055	35,706	25,956	62,717
Charges for services	604,881	-	744	-	605,625
Fines, licenses and permits	73,166	-	-	-	73,166
Intergovernmental	257,659	216,984	5,116	88,930	568,689
Interest	96,122	6,665	-	534	103,321
Contributions and donations	8,063	-	-	-	8,063
Miscellaneous	45,988	-	-	1,113	47,101
<b>Total receipts</b>	<b>3,713,794</b>	<b>224,704</b>	<b>441,566</b>	<b>170,587</b>	<b>4,550,651</b>
<b>Disbursements</b>					
<b>Current</b>					
General government	797,962	-	-	1,440	799,402
Security of persons and property	1,405,277	-	-	26,304	1,431,581
Public health services	4,907	-	-	30,211	35,118
Leisure time activities	85,002	-	-	58	85,060
Community environment	148,892	-	-	18	148,910
Transportation	700,694	68,309	-	110,439	879,442
Capital outlay	-	106,328	457,210	-	563,538
<b>Debt service</b>					
Principal	5,000	12,973	-	40,491	58,464
Interest and fiscal charges	-	3,651	-	4,435	8,086
<b>Total disbursements</b>	<b>3,147,734</b>	<b>191,261</b>	<b>457,210</b>	<b>213,396</b>	<b>4,009,601</b>
Excess of receipts over (under) disbursements	566,060	33,443	(15,644)	(42,809)	541,050
<b>Other financing sources (uses)</b>					
Loan proceeds	-	-	5,116	-	5,116
Proceeds from sale of capital assets	23,509	-	-	-	23,509
Transfers in	-	-	200,000	-	200,000
Advances in	25,000	-	-	-	25,000
Transfer out	(200,000)	-	-	-	(200,000)
<b>Total other financing sources</b>	<b>(151,491)</b>	<b>-</b>	<b>205,116</b>	<b>-</b>	<b>53,625</b>
<b>Net change in fund balances</b>	<b>414,569</b>	<b>33,443</b>	<b>189,472</b>	<b>(42,809)</b>	<b>594,675</b>
Fund balances at beginning of year, restated	1,191,356	524,533	984,045	588,840	3,288,774
<b>Fund balances at end of year</b>	<b>\$ 1,605,925</b>	<b>\$ 557,976</b>	<b>\$ 1,173,517</b>	<b>\$ 546,031</b>	<b>\$ 3,883,449</b>

See accompanying notes to the basic financial statement.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY

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

FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and other taxes	\$ 662,881	\$ 621,592	\$ 610,395	\$ (11,197)
Municipal income tax	1,650,000	1,725,000	2,017,520	292,520
Charges for services	634,000	592,820	598,728	5,908
Fines, licenses and permits	54,000	53,000	73,166	20,166
Intergovernmental	117,411	167,934	257,659	89,725
Interest	35,000	40,000	96,122	56,122
Contributions and donations	7,000	7,000	8,063	1,063
Miscellaneous	68,000	61,000	45,988	(15,012)
<b>Total receipts</b>	<b>3,228,292</b>	<b>3,268,346</b>	<b>3,707,641</b>	<b>439,295</b>
<b>Disbursements</b>				
<b>Current</b>				
General government	884,921	884,921	818,313	66,608
Security of persons and property	1,476,769	1,506,769	1,407,290	99,479
Public health services	5,561	5,561	4,907	654
Leisure time activities	84,000	84,000	81,852	2,148
Community environment	164,564	170,564	153,087	17,477
Transportation	757,256	757,256	700,694	56,562
<b>Debt service</b>				
Principal	-	-	5,000	(5,000)
<b>Total disbursements</b>	<b>3,373,071</b>	<b>3,409,071</b>	<b>3,171,143</b>	<b>237,928</b>
Excess of receipts over (under) disbursements	(144,779)	(140,725)	536,498	677,223
<b>Other financing sources</b>				
Proceeds from sale of capital assets	-	-	23,509	23,509
Advances in	25,000	25,000	25,000	
Transfer out	-	(200,000)	(200,000)	-
<b>Total other financing sources</b>	<b>25,000</b>	<b>(175,000)</b>	<b>(151,491)</b>	<b>23,509</b>
<b>Net change in fund balances</b>	<b>(119,779)</b>	<b>(315,725)</b>	<b>385,007</b>	<b>700,732</b>
Prior year encumbrances appropriated	25,872	25,872	25,872	-
Unencumbered fund balances at beginning of year	1,107,605	1,107,605	1,107,605	-
<b>Unencumbered und balances at end of year</b>	<b>\$ 1,013,698</b>	<b>\$ 817,752</b>	<b>\$ 1,518,484</b>	<b>\$ 700,732</b>

See accompanying notes to the basic financial statement.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY

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

FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special assessments	\$ 1,000	\$ 1,000	\$ 1,055	\$ 55
Intergovernmental	168,400	168,000	216,984	48,984
Interest	2,000	4,000	6,665	2,665
Total receipts	<u>171,400</u>	<u>173,000</u>	<u>224,704</u>	<u>51,704</u>
Disbursements				
Current				
Transportation	85,491	85,491	75,532	9,959
Capital outlay	152,109	152,109	106,328	45,781
Debt service				
Principal	18,000	18,000	12,973	5,027
Interest and fiscal charges	4,000	4,000	3,651	349
Total disbursements	<u>259,600</u>	<u>259,600</u>	<u>198,484</u>	<u>61,116</u>
Net change in fund balances	(88,200)	(86,600)	26,220	112,820
Prior year encumbrances appropriated	45,600	45,600	45,600	-
Unencumbered fund balances at beginning of year	<u>478,933</u>	<u>478,933</u>	<u>478,933</u>	<u>-</u>
Unencumbered und balances at end of year	<u>\$ 436,333</u>	<u>\$ 437,933</u>	<u>\$ 550,753</u>	<u>\$ 112,820</u>

See accompanying notes to the basic financial statement.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
STATEMENT OF FUND NET POSITION – CASH BASIS  
PROPRIETARY FUNDS  
DECEMBER 31, 2019

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets					
Equity in pooled cash	\$ 322,264	\$ 476,788	\$ 3,354,178	\$ 339,681	\$ 4,492,911
Total assets	<u>\$ 322,264</u>	<u>\$ 476,788</u>	<u>\$ 3,354,178</u>	<u>\$ 339,681</u>	<u>\$ 4,492,911</u>
Net position					
Unrestricted	\$ 322,264	\$ 476,788	\$ 3,354,178	\$ 339,681	\$ 4,492,911
Total net position	<u>\$ 322,264</u>	<u>\$ 476,788</u>	<u>\$ 3,354,178</u>	<u>\$ 339,681</u>	<u>\$ 4,492,911</u>

See accompanying notes to the basic financial statement.



VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND NET POSITION – CASH BASIS – PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Water Fund	Sewer Fund	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Receipts</b>					
Charges for services	\$ 941,913	\$ 1,241,269	\$ 8,380,537	\$ 418,115	\$ 10,981,834
Interest	-	-	-	160	160
Miscellaneous	14,086	13,965	139,638	-	167,689
<b>Total receipts</b>	<b>955,999</b>	<b>1,255,234</b>	<b>8,520,175</b>	<b>418,275</b>	<b>11,149,683</b>
<b>Operating disbursements</b>					
Personal services	428,276	434,329	739,812	-	1,602,417
Travel transportation	1,471	979	4,874	-	7,324
Contractual services	47,902	42,475	6,842,355	347,030	7,279,762
Materials and supplies	163,376	162,563	664,439	29,316	1,019,694
<b>Total operating disbursements</b>	<b>641,025</b>	<b>640,346</b>	<b>8,251,480</b>	<b>376,346</b>	<b>9,909,197</b>
<b>Operating income</b>	<b>314,974</b>	<b>614,888</b>	<b>268,695</b>	<b>41,929</b>	<b>1,240,486</b>
<b>Non-operating receipts (disbursements)</b>					
Special assessments	782	7,823	-	-	8,605
Capital outlay	(117,436)	(79,835)	(111,482)	(18,288)	(327,041)
Principal paid	(133,393)	(339,898)	-	-	(473,291)
Interest and fiscal charges	(67,657)	(85,319)	-	-	(152,976)
<b>Total non-operating receipts (disbursements)</b>	<b>(317,704)</b>	<b>(497,229)</b>	<b>(111,482)</b>	<b>(18,288)</b>	<b>(944,703)</b>
<b>Income (loss) before contributions and advances</b>	<b>(2,730)</b>	<b>117,659</b>	<b>157,213</b>	<b>23,641</b>	<b>295,783</b>
Capital contributions - tap fees	21,800	14,000	-	-	35,800
Advances out	-	(25,000)	-	-	(25,000)
<b>Change in net position</b>	<b>19,070</b>	<b>106,659</b>	<b>157,213</b>	<b>23,641</b>	<b>306,583</b>
<b>Net position at beginning of year</b>	<b>303,194</b>	<b>370,129</b>	<b>3,196,965</b>	<b>316,040</b>	<b>4,186,328</b>
<b>Net position at end of year</b>	<b>\$ 322,264</b>	<b>\$ 476,788</b>	<b>\$ 3,354,178</b>	<b>\$ 339,681</b>	<b>\$ 4,492,911</b>

See accompanying notes to the basic financial statement.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
STATEMENT OF FIDUCIARY NET POSITION  
CASH BASIS  
DECEMBER 31, 2019

	Custodial Fund
Assets	
Equity in pooled cash	\$ 36,691
Total assets	\$ 36,691
Net position	
Restricted for individuals and other organizations	\$ 36,691
Total net position	\$ 36,691

See accompanying notes to the basic financial statement.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CASH BASIS  
DECEMBER 31, 2019

	Custodial Fund
Additions	
Miscellaneous	\$ 36,691
Total additions	36,691
Net increase in fiduciary net position	36,691
Net position at beginning of year	-
Net position at end of year	\$ 36,691

See accompanying notes to the basic financial statement.

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VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

The Village participates in jointly governed organizations and joint ventures. Notes 12, 13, and 14 to the financial statements provide additional information for these entities.

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

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. 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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position – cash basis and the statement of activities –cash basis 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.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION (continued)

Government-wide Financial Statements (continued)

The statement of net position – cash basis presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities – cash basis compares disbursements with program receipts for each program or function 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 program or business 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.

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.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING (continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed.

General Fund - The General Fund accounts for and reports 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.

Street Construction and Maintenance Fund (SCMR) – This fund accounts for the portion of State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the Village.

Capital Improvements Fund – This fund accounts for and reports proceeds of municipal income tax, general obligation notes and other grants or aid committed by Council for the purpose of improving, constructing and purchasing those items necessary to enhance the operation of the Village.

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

Proprietary Funds

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

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

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

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

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

Fiduciary Funds

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Village's custodial fund accounts for fire insurance escrow activity.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING

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

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

D. BUDGETARY PROCESS

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

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

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

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

E. CASH AND INVESTMENTS

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Interest recorded to the General Fund during the year amounted to \$ 96,122 which included \$ 77,935 assigned from other Village funds.

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.



VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CASH AND INVESTMENTS (continued)

During 2019, the Village invested in STAR Ohio and local government securities. The investment in local government securities is reported at cost.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

F. RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally 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.

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 15 and 16, the employer contributions include portions for pension benefits and for postretirement health care benefits(OPEB).

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. LONG-TERM OBLIGATIONS

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

M. NET POSITION

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

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

N. FUND BALANCE

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount interfund loans.

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

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution as both are equally binding) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. FUND BALANCE (continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

O. INTERNAL ACTIVITY

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

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION AND FUND BALANCE

A. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2019, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 83, – “Certain Asset Retirement Obligations”, GASB Statement 84, “Fiduciary Activities”, and GASB Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.”

GASB Statement No. 83, – “Certain Asset Retirement Obligations”- This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. These changes were incorporated in the Village’s fiscal year 2019 financial statements; however, there was no effect on beginning net position/fund balance.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION AND FUND BALANCE (continued)**

**A. CHANGE IN ACCOUNTING PRINCIPLES (continued)**

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the Village will no longer be reporting agency funds. The Village reviewed its agency funds and one fund will be reported in the new fiduciary fund classification of custodial funds while the other fund has been reclassified as a governmental fund. These fund reclassifications resulted in the restatement of the Village’s financial statements as shown in the tables that follow.

GASB Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.” - The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government’s future resource flows. These changes were incorporated in the Village’s fiscal year 2019 financial statements; however, there was no effect on beginning net position/fund balance.

**B. RESTATEMENT OF NET POSITION AND FUND BALANCE**

The implementation of GASB Statement No. 84 had the following effect on net position and fund balance as of December 31, 2018:

	Governmental Activities	Business-type Activities	Total
Net position December 31, 2018	\$ 3,283,774	\$ 4,186,328	\$ 7,470,102
Adjustment - GASB 84	5,000	-	5,000
Restated net position December 31, 2018	\$ 3,288,774	\$ 4,186,328	\$ 7,475,102

	General Fund	SCMR Fund	Capital Improvements Fund	Other Governmental Funds	Total
Fund balance December 31, 2018	\$ 1,186,356	\$ 524,533	\$ 984,045	\$ 588,840	\$ 3,283,774
Adjustment - GASB 84	5,000	-	-	-	5,000
Restated fund balance December 31, 2018	\$ 1,191,356	\$ 524,533	\$ 984,045	\$ 588,840	\$ 3,288,774

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and the SCMR Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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NOTE 4 – BUDGETARY BASIS OF ACCOUNTING (continued)

The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the General Fund and the SCMR Fund.

Net Change in Fund Balance		
	General Fund	SCMR Fund
Budget basis	\$ 385,007	\$ 26,220
Adjustments .		
Encumbrances	26,709	7,223
Funds budgeted elsewhere **	2,853	-
Cash basis, as reported	\$ 414,569	\$ 33,443

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

NOTE 5 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on a fund for the major governmental funds and all other governmental funds are presented below:

	General Fund	SCMR Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Fund balances					
Restricted for:					
Capital projects	\$ -	\$ -	\$ 1,173,517	\$ -	\$ 1,173,517
Debt service	-	-	-	155,550	155,550
Highways and streets	-	557,976	-	224,026	782,002
Security of persons and property	-	-	-	155,264	155,264
Other	-	-	-	11,191	11,191
	-	557,976	1,173,517	546,031	2,277,524
Assigned					
Recreation	48,667	-	-	-	48,667
Encumbrances	26,709	-	-	-	26,709
Railroad grade crossing improvement	7,065	-	-	-	7,065
Other	5,000	-	-	-	5,000
Subsequent year appropriations	135,604	-	-	-	135,604
	223,045	-	-	-	223,045
Unassigned	1,382,880	-	-	-	1,382,880
Total fund balances	\$ 1,605,925	\$ 557,976	\$ 1,173,517	\$ 546,031	\$ 3,883,449

VILLAGE OF WELLINGTON, OHIO  
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NOTE 6 - DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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 and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;;
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;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

B. 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, \$ 4,925,034 of the Village's bank balance of \$ 8,115,578 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the Federal Deposit Insurance Corporation. One of the Village's financial institutions was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

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 the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

C. Investments

As of December 31, 2019, the Village had the following investments:

	Measurement Value	Maturity
STAR Ohio	\$ 316,949	55.7 days
Local government securities	1,508	n/a
	\$ 318,457	

D. Interest Rate Risk

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 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 the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

E. Credit Risk

STAR Ohio carries a rating of AAAm by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

F. CONCENTRATION OF CREDIT RISK

The Village places no limit on the amount that may be invested in any one issuer. The following is the Village's allocation as of December 31, 2019.

	Percentage of Investments
STAR Ohio	99.5%
Local government securities	0.5%

G. CUSTODIAL CREDIT RISK

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 ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, Council, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

NOTE 7 – INCOME TAXES

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

The Village's income tax ordinance requires income tax receipts to be used to defray costs of collecting and administering the tax, to defray operating expenses for the municipality, and/or for capital improvements for the municipality. In 2019, the receipts were allocated to the General Fund and Capital Improvements Fund.

NOTE 8 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2018 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.



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NOTE 8 – PROPERTY TAXES (continued)

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2019, was \$ 4.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2019 property tax receipts were based are as follows:

	2019 Collection Year
Property valuation consisted of:	
Real property	\$ 96,573,680
Public utility property	4,249,530
Total valuation	\$ 100,823,210

NOTE 9 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the Village contracted with several companies for various types of insurance as follows:

Type of Coverage	Coverage	Deductible
Hudson Insurance Company		
Blanket Property and Contents, Replacement	\$ 26,407,905	\$ 5,000
Inland Marine	1,143,746	2,500
General Liability	1,000,000 / 2,000,000	-
Automobile Liability	1,000,000	-
Computer - Hardware	110,000	2,500
Computer - Software	Included	2,500
Money and Securities	25,000	5,000
Umbrella Excess Liability	10,000,000	10,000
QBE Insurance Company		
Public Officials Liability	1,000,000	10,000
Police Professional Liability	1,000,000	10,000
Employment Practice Liability	1,000,000	10,000
Travelers Insurance Company		
Public Employee Dishonesty	500,000	5,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$ 100 of salaries. This rate is calculated based on accident history and administrative costs.

VILLAGE OF WELLINGTON, OHIO  
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NOTE 10 - DEBT

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

	Adjusted Outstanding 12/31/18	Additions	Reductions	Outstanding 12/31/19	Due In One Year
Special assessment bonds					
5.75 % - 6.00% through 2020	\$ 8,369	\$ -	\$ 6,323	\$ 2,046	\$ 2,046
OWDA loans *					
2.13% - 6.87% through 2038	4,852,566	-	463,939	4,388,627	502,302
OPWC loans					
0% through 2038	525,641	127,758	56,493	596,906	40,615
Lorain County loan					
0% through 2020	12,500	-	5,000	7,500	5,000
	<u>\$ 5,399,076</u>	<u>\$ 127,758</u>	<u>\$ 531,755</u>	<u>\$ 4,995,079</u>	<u>\$ 549,963</u>

\* OWDA adjusted the principal on two loans.

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 street and 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. The note payable to Lorain County was for the acquisition of equipment for the police department.

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

VILLAGE OF WELLINGTON, OHIO  
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NOTE 10 – DEBT (continued)

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

Year	Special Assessment Bonds		OWDA loans		OPWC loans	Lorain County	Total	
	Principal	Interest	Principal	Interest	Principal	Principal	Principal	Interest
2020	\$ 2,046	\$ 118	\$ 502,302	\$ 172,910	\$ 40,615	\$ 5,000	\$ 549,963	\$ 173,028
2021	-	-	444,586	147,816	40,615	2,500	487,701	147,816
2022	-	-	465,380	127,025	38,539	-	503,919	127,025
2023	-	-	487,249	105,155	36,465	-	523,714	105,155
2024	-	-	359,094	82,149	36,465	-	395,559	82,149
2025 - 2029	-	-	860,519	294,214	172,341	-	1,032,860	294,214
2030 - 2034	-	-	912,334	148,577	115,855	-	1,028,189	148,577
2035 - 2039	-	-	357,163	17,464	69,320	-	426,483	17,464
2040 - 2044	-	-	-	-	43,770	-	43,770	-
2045 - 2047	-	-	-	-	2,921	-	2,921	-
	<u>\$ 2,046</u>	<u>\$ 118</u>	<u>\$ 4,388,627</u>	<u>\$ 1,095,310</u>	<u>\$ 596,906</u>	<u>\$ 7,500</u>	<u>\$ 4,995,079</u>	<u>\$ 1,095,428</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.

NOTE 11 – CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

VILLAGE OF WELLINGTON, OHIO  
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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 2019, 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 2019, 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 2019, the Village paid \$ 30,211 to the Cemetery. Financial information can be obtained by contacting the Cemetery at 115 Willard Square, Wellington, Ohio, 44090.

D. WELLINGTON COMMUNITY IMPROVEMENT CORPORATION (CIC)

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 2019, 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.

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NOTE 13 – JOINT VENTURE WITH EQUITY INTEREST

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, 2019 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.

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, 2004 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 2005 through 2024.

On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable has been reduced at December 31, 2015 to \$49,803,187. AMP will continue to collect debt service from the OMEGA JV5 participants until the note is paid in full.

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NOTE 13 – JOINT VENTURE WITH EQUITY INTEREST (continued)

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 \$ 48,404 at December 31, 2019. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs. 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](http://www.auditor.state.oh.us).

NOTE 14 – AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's project share was 7,955 kilowatts (kW) of a total 771,281 kW, giving the Village a 1.03 percent project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed *impaired* and participants were obligated to pay those incurred costs. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share of the impaired costs at March 31, 2014 was \$ 1,381,110. The Village received a credit of \$ 337,968 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$ 359,764 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU), leaving an estimated net impaired cost balance of \$ 683,378. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact either positively or negatively, the Village's net impaired cost balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the Village has made payments of \$ 293,593 to AMP toward its net impaired cost estimate. Also, since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$ 16,701 and interest expense incurred on AMP's line-of-credit of \$ 57,668, resulting in a net impaired cost estimate at December 31, 2019 of \$ 464,154. The Village does have a potential PHFU Liability of \$ 399,508 resulting in a net total potential liability of \$ 863,662, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village intends to recover these costs and repay AMP over a 15 year period through its power cost adjustment.

VILLAGE OF WELLINGTON, OHIO  
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NOTE 15 – DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTION – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Plan Description - Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30

VILLAGE OF WELLINGTON, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

A. PLAN DESCRIPTION – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
<u>Public Safety</u>	<u>Public Safety</u>	<u>Public Safety</u>
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Law Enforcement</u>	<u>Law Enforcement</u>	<u>Law Enforcement</u>
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.



VILLAGE OF WELLINGTON, OHIO  
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NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

A. PLAN DESCRIPTION – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2019 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee ***	10.0%	*	**
2019 Actual Contribution Rates			
Employer:			
Pension	14.0%	18.1%	18.1%
Post-employment Health Care Benefits ****	0.0%	0.0%	0.0%
Total Employer	<u>14.0%</u>	<u>18.1%</u>	<u>18.1%</u>
Employee	<u>10.0%</u>	<u>12.0%</u>	<u>13.0%</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

\*\*\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\*\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$ 313,804 for 2019.

VILLAGE OF WELLINGTON, OHIO  
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FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

B. PLAN DESCRIPTION – OHIO POLICE & FIRE PENSION FUND (OPF)

Plan Description - Village full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OPF Annual Comprehensive Financial Report) referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

VILLAGE OF WELLINGTON, OHIO  
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FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

B. PLAN DESCRIPTION – OHIO POLICE & FIRE PENSION FUND (OPF) (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2019 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2019 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50%	0.50%
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee	<u>12.25%</u>	<u>12.25%</u>

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$ 92,880 for 2019. The Village has no firefighters.

NOTE 16 – POSTEMPLOYMENT BENEFITS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Plan Description – The 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 health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

VILLAGE OF WELLINGTON, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 16 – POSTEMPLOYMENT BENEFITS (continued)

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2019, OPERS did not allocate any employer contributions to post-employment health care.

B. OHIO POLICE AND FIRE PENSION FUND

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

VILLAGE OF WELLINGTON, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 16 – POSTEMPLOYMENT BENEFITS (continued)

B. OHIO POLICE AND FIRE PENSION FUND (continued)

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF 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 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2019, the portion of employer contributions allocated to health care was 0.5 percent 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 OPF Board of Trustees is also 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.

Beginning January 1, 2019, OPF changed its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The Village's contractually required contribution to OPF was \$ 2,444 for 2019.

NOTE 17 – TAX ABATEMENT

Tax abatement was granted by the Village through the Ohio Community Reinvestment Area Program (Ohio Development Services Agency, Office of Tax Incentives) for Kalron LLC/Development 58 LLC located at 775 Shiloh Avenue, Wellington in the amount of 100% for 10 years on the new real property investment of \$ 900,000 (total project cost was \$ 1,500,000) in 2012. Kalron was eligible for tax abatement because they were making an investment in new real property and creating jobs. The project has created 24 new jobs.

For the year ended December 31, 2019, the Village abated property taxes totaling \$ 1,873. There are no provisions for recapturing abated taxes.

VILLAGE OF WELLINGTON, OHIO  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 18 – INTERFUND ACTIVITY

Interfund advances at December 31, 2019, consisted of \$ 25,000 advance repaid from the Sewer Fund to the General Fund. As of December 31, 2019 the Sewer Fund has a remaining \$ 50,000 due to the General Fund as a result of an unpaid advance from the prior year.

Interfund transfers during 2019 consisted of \$ 200,000 transferred from the General Fund to the Capital Improvements Fund to provide resources for capital improvements.

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wellington, Lorain County, (the Village) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 7, 2022, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 7, 2022



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF WELLINGTON**

**LORAIN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 4/5/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)