



**WELLSVILLE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza Suite 302  
Youngstown, Ohio 44503

Telephone 330-797-9900  
800-443-9271

Facsimile 330-797-9949

## REPORT OF INDEPENDENT ACCOUNTANTS

Wellsville Local School District  
Columbiana County  
931 Center Street  
Wellsville, Ohio 43938

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Wellsville Local School District, Columbiana County, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Wellsville Local School District, Columbiana County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and its nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

December 19, 2000

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**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$829,163	\$160,071	\$104,397	\$6,363,499
Receivables:				
Taxes	798,645	17,140	139,268	125,999
Accounts	4,347			239
Intergovernmental	6,300			157,868
Interfund Receivable	64,211			
Materials and Supplies Inventory				
Prepaid Items	3,900			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	70,567			
Fixed Assets				
Accumulated Depreciation				
<b>Other Debits:</b>				
Amount available in Debt Service Fund				
Amount to be Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<u>\$1,777,133</u>	<u>\$177,211</u>	<u>\$243,665</u>	<u>\$6,647,605</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$43,815	\$1,388		\$239
Contracts Payable				964,982
Accrued Wages and Benefits	522,937	89,795		
Compensated Absences Payable	21,414			
Interfund Payable		1,229		62,982
Intergovernmental Payable	88,928	13,868		
Deferred Revenue	784,198	17,140	\$136,492	123,234
Due to Students				
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<u>1,461,292</u>	<u>123,420</u>	<u>136,492</u>	<u>1,151,437</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Prepaid Items	3,900			
Reserved for Debt Service Principal			104,397	
Reserved for Advances	64,211			
Reserved for Property Taxes	14,447		2,776	2,765
Reserved for Budget Stabilization	70,567			
Unreserved:				
Unreserved, Undesignated	162,716	53,791		5,493,403
<b>Total Fund Equity and Other Credits</b>	<u>315,841</u>	<u>53,791</u>	<u>107,173</u>	<u>5,496,168</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$1,777,133</u>	<u>\$177,211</u>	<u>\$243,665</u>	<u>\$6,647,605</u>

*The notes to the general-purpose financial statements are an integral part of this statement.*



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$18,574	\$7,322	\$51,717			\$7,534,743
					1,081,052
					4,586
					164,168
6,306					64,211
					6,306
					3,900
					70,567
184,314 (157,265)			\$12,454,757		12,639,071 (157,265)
				\$104,397	104,397
				2,114,964	2,114,964
<u>\$51,929</u>	<u>\$7,322</u>	<u>\$51,717</u>	<u>\$12,454,757</u>	<u>\$2,219,361</u>	<u>\$23,630,700</u>
	\$1,457				\$46,899
\$13,750	2,581				964,982
2,219	4,712			\$534,815	629,063
					563,160
8,308	506			54,546	64,211
4,239					166,156
		\$41,167			1,065,303
				1,630,000	41,167
<u>28,516</u>	<u>9,256</u>	<u>41,167</u>		<u>2,219,361</u>	<u>1,630,000</u>
					5,170,941
			\$12,454,757		12,454,757
23,413	(1,934)				21,479
					3,900
					104,397
					64,211
					19,988
					70,567
		10,550			5,720,460
<u>23,413</u>	<u>(1,934)</u>	<u>10,550</u>	<u>12,454,757</u>		<u>18,459,759</u>
<u>\$51,929</u>	<u>\$7,322</u>	<u>\$51,717</u>	<u>\$12,454,757</u>	<u>\$2,219,361</u>	<u>\$23,630,700</u>

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
JUNE 30, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
Intergovernmental	\$4,476,254	\$597,264	\$18,212	\$8,325,022	\$13,416,752
Interest	124,403			370,974	495,377
Tuition and Fees	17,015				17,015
Rent	33,454	35,681	300	4,500	73,935
Extracurricular Activities	5,555	101,881			107,436
Property & Other Local Taxes	789,700	17,072	135,593	122,960	1,065,325
<b>Total Revenues</b>	<b>5,446,381</b>	<b>751,898</b>	<b>154,105</b>	<b>8,823,456</b>	<b>15,175,840</b>
<b>Expenditures:</b>					
Instruction:					
Regular	2,651,018	297,846		1,696	2,950,560
Special	487,174	264,389			751,563
Vocational	284,637				284,637
Support services:					
Pupils	207,645	14,440			222,085
Instructional Staff	110,987	93,989			204,976
Board of Education	21,790				21,790
Administration	671,679	62,115		13,433	747,227
Fiscal	207,552	5,950	2,837	2,571	218,910
Operation and Maintenance of Plant	636,399			12,717	649,116
Pupil Transportation	85,811				85,811
Extracurricular activities	110,996	80,001			190,997
Capital Outlay	973			7,460,785	7,461,758
Debt Service					
Debt Service - Principal			40,000		40,000
Debt Service - Interest			89,935		89,935
<b>Total Expenditures</b>	<b>5,476,661</b>	<b>818,730</b>	<b>132,772</b>	<b>7,491,202</b>	<b>13,919,365</b>
Excess of Revenues Over (Under) Expenditures	(30,280)	(66,832)	21,333	1,332,254	1,256,475
<b>Other Financing Sources and Uses</b>					
Operating Transfers In	19,470	67,774			87,244
Proceeds from Sale of Fixed Assets	3,023				3,023
Operating Transfer Out	(67,867)				(67,867)
Refund of Prior Year Receipts		(66)			(66)
<b>Total Other Financing Sources (Uses)</b>	<b>(45,374)</b>	<b>67,708</b>			<b>22,334</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(75,654)	876	21,333	1,332,254	1,278,809
Fund Balance at Beginning of Year	391,495	52,915	85,840	4,163,914	4,694,164
<b>Fund Balance at End of Year</b>	<b>\$315,841</b>	<b>\$53,791</b>	<b>\$107,173</b>	<b>\$5,496,168</b>	<b>\$5,972,973</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

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WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
JUNE 30, 2000**

	Governmental Fund Types		
	General		
	Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Intergovernmental	\$4,472,289	\$4,469,954	(\$2,335)
Interest	143,612	143,612	
Tuition and Fees	12,793	12,793	
Rent	33,454	33,454	
Extracurricular Activities	6,003	6,003	
Property & Other Local Taxes	<u>790,802</u>	<u>790,802</u>	
Total Revenues	<u>5,458,953</u>	<u>5,456,618</u>	<u>(2,335)</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	3,092,708	2,675,793	416,915
Special	680,989	509,128	171,861
Vocational	345,650	285,292	60,358
Support services:			
Pupils	285,625	220,594	65,031
Instructional Staff	192,100	112,422	79,678
Board of Education	27,200	24,983	2,217
Administration	761,242	651,689	109,553
Fiscal	183,705	186,312	(2,607)
Operation and Maintenance of Plant	636,895	627,839	9,056
Pupil Transportation	132,125	84,425	47,700
Extracurricular activities	154,650	111,074	43,576
Capital Outlay		973	(973)
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	<u>6,492,889</u>	<u>5,490,524</u>	<u>1,002,365</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,033,936)</u>	<u>(33,906)</u>	<u>1,000,030</u>
<b>Other Financing Sources and Uses</b>			
Operating Transfers In	19,470	19,470	
Proceeds from Sale of Fixed Assets	3,023	3,023	
Advances In			
Operating Transfers Out	(67,867)	(67,867)	
Refund of Prior Year Receipts			
Advances Out	<u>(64,211)</u>	<u>(64,211)</u>	
Total Other Financing Sources (Uses)	<u>(109,585)</u>	<u>(109,585)</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,143,521)</u>	<u>(143,491)</u>	<u>1,000,030</u>
Fund Balances at Beginning of Year	1,024,968	1,024,968	
Prior Year Encumbrances Appropriated	<u>8,912</u>	<u>8,912</u>	
<b>Fund Balance at end of Year</b>	<u><u>(\$109,641)</u></u>	<u><u>\$890,389</u></u>	<u><u>\$1,000,030</u></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**Governmental Fund Types**

<b>Special Revenue</b>			<b>Debt Service</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
\$604,458	\$590,397	(\$14,061)	\$19,065	\$18,212	(\$853)
35,681	35,681		300	300	
102,581	102,581				
17,460	17,460		135,835	135,835	
760,180	746,119	(14,061)	155,200	154,347	(853)
325,000	285,331	39,669			
275,000	257,361	17,639			
29,000	14,440	14,560			
100,000	88,750	11,250			
100,000	62,691	37,309			
15,759	5,252	10,507	5,000	2,837	2,163
100,000	79,561	20,439			
			40,000	40,000	
			192,170	89,935	102,235
944,759	793,386	151,373	237,170	132,772	104,398
(184,579)	(47,267)	137,312	(81,970)	21,575	103,545
67,774	67,774				
1,229	1,229				
(66)	(66)				
68,937	68,937				
(115,642)	21,670	137,312	(81,970)	21,575	103,545
135,530	135,530		82,822	82,822	
2,871	2,871				
\$22,759	\$160,071	\$137,312	\$852	\$104,397	\$103,545

(Continued)

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON -GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000  
(Continued)**

	<u>Governmental Fund Types</u>		
	<u>Capital Projects</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental	\$8,167,943	\$8,166,915	(\$1,028)
Interest	371,836	371,836	
Tuition and Fees			
Rent	4,500	4,500	
Extracurricular Activities			
Property & Other Local Taxes	<u>122,807</u>	<u>122,807</u>	
Total Revenues	<u>8,667,086</u>	<u>8,666,058</u>	<u>(1,028)</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	446	1,696	(1,250)
Special			
Vocational			
Support services:			
Pupils			
Instructional Staff			
Board of Education			
Administration	5,447	13,194	(7,747)
Fiscal	3,000	2,571	429
Operation and Maintenance of Plant	300,000	12,717	287,283
Pupil Transportation			
Extracurricular activities			
Capital Outlay	8,711,384	6,684,467	2,026,917
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	<u>9,020,277</u>	<u>6,714,645</u>	<u>2,305,632</u>
Excess of Revenues Over (Under) Expenditures	<u>(353,191)</u>	<u>1,951,413</u>	<u>2,304,604</u>
<b>Other Financing Sources and Uses</b>			
Operating Transfers In			
Proceeds from Sale of Fixed Assets			
Advances In	62,982	62,982	
Operating Transfers Out			
Refund of Prior Year Receipts			
Advances Out			
Total Other Financing Sources (Uses)	<u>62,982</u>	<u>62,982</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(290,209)</u>	<u>2,014,395</u>	<u>2,304,604</u>
Fund Balances at Beginning of Year	4,219,447	4,219,447	
Prior Year Encumbrances Appropriated			
<b>Fund Balance at end of Year</b>	<u><u>\$3,929,238</u></u>	<u><u>\$6,233,842</u></u>	<u><u>\$2,304,604</u></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

<b>Totals (Memorandum Only)</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
\$13,263,755	\$13,245,478	(\$18,277)
515,448	515,448	
12,793	12,793	
73,935	73,935	
108,584	108,584	
<u>1,066,904</u>	<u>1,066,904</u>	
15,041,419	15,023,142	(18,277)
3,418,154	2,962,820	455,334
955,989	766,489	189,500
345,650	285,292	60,358
314,625	235,034	79,591
292,100	201,172	90,928
27,200	24,983	2,217
866,689	727,574	139,115
207,464	196,972	10,492
936,895	640,556	296,339
132,125	84,425	47,700
254,650	190,635	64,015
8,711,384	6,685,440	2,025,944
40,000	40,000	
<u>192,170</u>	<u>89,935</u>	<u>102,235</u>
<u>16,695,095</u>	<u>13,131,327</u>	<u>3,563,768</u>
<u>(1,653,676)</u>	<u>1,891,815</u>	<u>3,545,491</u>
87,244	87,244	
3,023	3,023	
64,211	64,211	
(67,867)	(67,867)	
(66)	(66)	
<u>(64,211)</u>	<u>(64,211)</u>	
<u>22,334</u>	<u>22,334</u>	
<u>(1,631,342)</u>	<u>1,914,149</u>	<u>3,545,491</u>
5,462,767	5,462,767	
11,783	11,783	
<u>\$3,843,208</u>	<u>\$7,388,699</u>	<u>3,545,491</u>

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY AND SIMILAR TRUST FUND TYPES  
JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>	
<b>Operating Revenues:</b>				
Sales	\$80,206			\$80,206
Tuition		\$3,482		3,482
Other	100	104,997		105,097
<b>Total Operating Revenues</b>	<u>80,306</u>	<u>108,479</u>		<u>188,785</u>
<b>Operating Expenses</b>				
Salaries	73,558	71,547		145,105
Fringe Benefits	39,758	6,988		46,746
Purchased Services	600	6,834		7,434
Materials and Supplies	85,404	7,428		92,832
Depreciation	894			894
Other		1,170		1,170
<b>Total Operating Expenses</b>	<u>200,214</u>	<u>93,967</u>		<u>294,181</u>
Operating Income (Loss)	(119,908)	14,512		(105,396)
<b>Non-Operating Revenues and Expenses</b>				
Federal Donated Commodities	16,693			16,693
Federal and State Subsidies	101,735	8,273		110,008
<b>Total Non-Operating Revenues and Expenses</b>	<u>118,428</u>	<u>8,273</u>		<u>126,701</u>
Income (Loss) Before Operating Transfers	(1,480)	22,785		21,305
Operating Transfers-In		14,080		14,080
Operating Transfers-Out		(28,103)		(28,103)
Net Income (Loss)	(1,480)	8,762		7,282
Retained Earnings at Beginning of Year	24,893	(10,696)	10,550	24,747
<b>Retained Earnings at End of Year</b>	<u><b>\$23,413</b></u>	<u><b>(\$1,934)</b></u>	<u><b>\$10,550</b></u>	<u><b>\$32,029</b></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY AND SIMILAR TRUST FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
Cash Flows from Operating Activities:				
Cash Received from Sales	\$80,206			\$80,206
Cash Received from Tuition		\$3,714		3,714
Other Cash Receipts	100	113,043		113,143
Cash Payments to Suppliers for Goods and Service	(68,352)	(6,529)		(74,881)
Cash Payments for Contract Services	(600)	(6,834)		(7,434)
Cash Payments for Employee Services	(76,913)	(71,891)		(148,804)
Cash Payments for Employee Benefits	(37,399)	(17,823)		(55,222)
Other Cash Payments		(822)		(822)
Net Cash Provided (Used) by Operating Activities	<u>(102,958)</u>	<u>12,858</u>		<u>(90,100)</u>
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	117,164	8,273		125,437
Transfers In		14,080		14,080
Transfers Out		(28,103)		(28,103)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>117,164</u>	<u>(5,750)</u>		<u>111,414</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,206	7,108		21,314
Cash and Cash Equivalents at Beginning of Year	<u>4,368</u>	<u>214</u>	<u>\$10,550</u>	<u>15,132</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$18,574</u></u>	<u><u>\$7,322</u></u>	<u><u>\$10,550</u></u>	<u><u>\$36,446</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(\$119,908)	\$14,512		(\$105,396)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:				
Depreciation	894			894
Donated Commodities Used During the Year	16,693			16,693
(Increase) Decrease in Assets:				
Material and Supplies Inventory	2,783	8,278		11,061
Increase (Decrease) in Liabilities:				
Accounts Payable		1,200		1,200
Compensated Absences Payable	(942)	(2,530)		(3,472)
Intergovernmental Payable	1,951	(3,546)		(1,595)
Deferred Revenue	(2,424)			(2,424)
Accrued Wages and Benefits	(2,005)	(5,056)		(7,061)
Total Adjustments	<u>(\$102,958)</u>	<u>\$12,858</u>		<u>(\$90,100)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>				
Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 2000:				
Cash and Cash Equivalents — Trust and Agency Funds				\$51,717
Less: Agency Funds				<u>(41,167)</u>
Cash and Cash Equivalents — Nonexpendable Trust Funds				<u><u>\$10,550</u></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

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**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Wellsville Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1875 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 10 square miles. It is located in Columbiana County, and includes the Village of Wellsville and portions of Madison and Yellow Creek Townships. The School District is the 489th largest in the State of Ohio (among 611 school districts) in terms of enrollment. The School District is staffed by 34 non-certificated employees and 86 certificated full-time teaching personnel who provide services to 1,036 students and other community members. The School District currently operates 5 instructional buildings.

*Reporting Entity:*

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Wellsville Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with two organizations, which are defined as jointly governed organization and an insurance purchasing pool. These organizations include the Columbiana County Career Center and the Ohio School Boards Association Worker's Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Wellsville Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**A. Basis Of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

*Governmental Fund Types:*

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

*General Fund* - The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Special Revenue Funds* - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

*Debt Service Fund* - The debt service fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

*Capital Projects Fund* - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

*Proprietary Fund Types:*

Proprietary funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector. The following are the School District's proprietary fund types:

*Enterprise Funds* - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**A. Basis Of Presentation - Fund Accounting – (Continued)**

*Internal Service Fund* - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

*Fiduciary Fund Types:*

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*Account Groups:*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

*General Fixed Assets Account Group* - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

*General Long-Term Obligations Account Group* - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into retained earning components. Proprietary and nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**B. Measurement Focus and Basis of Accounting – (Continued)**

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

*Tax Budget:*

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Columbiana County Budget Commission for rate determination.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**C. Budgetary Process – (Continued)**

*Estimated Resources:*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

*Lapsing of Appropriations:*

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2000, investments were limited to repurchase agreements. All investments of the School District had a maturity of two years or less. Investments are stated at cost or amortized cost. Investment earnings are allocated as authorized by State statute.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

**E. Inventory**

Inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**F. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

**G. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.



**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**G. Intergovernmental Revenues – (Continued)**

The School District currently participates in several State and Federal programs, categorized as follows:

*Entitlements*

*General Fund*

- State Foundation Program
- School Bus Purchase Reimbursement

*Non-Reimbursable Grants*

*Special Revenue Funds*

- DPPF
- Professional Development
- Early Childhood Education
- Education Management Information Systems
- Disadvantaged Pupil Impact Aid
- School Net Professional Development
- Textbooks
- Miscellaneous State Grants
- Title VI-B
- Title I
- Title VI
- Drug-Free Schools
- EHA Preschool Grants for the Handicapped
- E-Rate Grant
- Goals 2000

*Capital Projects Funds*

- School Net Plus
- Technology Equity
- IVDL
- Emergency Building Repair

*Reimbursable Grants*

*General Fund*

- Driver Education

*Proprietary Funds*

- National School Lunch Program
- Federal Donated Commodities
- Government Donated Commodities

Grants and entitlements amounted to approximately 87 percent of the School District's operating revenue during the 2000 fiscal year.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**H. Interfund Assets/Liabilities**

Short-term interfund loans are classified as “interfund receivables” and “interfund payables”. Long-term interfund loans are classified as “advances to/from other funds” and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**I. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year end, taking into consideration any limits specified in the School District’s termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for employees after 20 years of current service with the School District, or after 15 years of service and at least 45 years of age, or after 5 years of service and at least 50 years of age. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**J. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources.

**K. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**L. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**M. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization, textbook purchases, capital acquisition, school bus purchases, unclaimed monies and endowments.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved. The reserve for endowments signifies the legal restrictions on the use of principal.

**N. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 – ACCOUNTABILITY**

**Accountability**

At June 30, 2000, the Disadvantaged Pupil Impact Aid Fund, Title VI-B Fund, Title I Fund, Title VI Fund, Emergency School Building Repair Fund, and Rotary-Internal Services Fund had deficit fund balances of \$22,335, \$9,656, \$9,169, \$948, \$62,982 and \$1,934 respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual-All Governmental Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess (Deficiency) of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
Budget Basis	(\$143,491)	\$21,670	\$21,575	\$2,014,395
Adjustments for:				
Revenue Accruals	(10,237)	5,779	(242)	157,398
Expenditure Accruals	4,522	(25,344)		(906,214)
Other Accruals	64,211	(1,229)		(62,982)
Encumbrances	9,341			129,657
GAAP Basis	(\$75,654)	\$876	\$21,333	\$1,332,254

**NOTE 5 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 5 - DEPOSITS AND INVESTMENTS – (Continued)**

Interim deposits are deposits of 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.

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of the federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse purchase 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 School District, 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.

Funds invested by fiscal agents are determined by trust agreements and bond indentures. Like the cash invested by the District Treasurer, eligible investments include U.S. government obligations, U.S. government agencies, and certificate of deposit.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 5 - DEPOSITS AND INVESTMENTS – (Continued)**

Any public depository, at the time it receives a District deposit or investment in a certificate of deposit, is required to pledge to the investing authority as collateral eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation or the Savings Association Fund, equals or exceeds the amount of District funds deposited.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current market value at least equal to 110 percent of all public monies on deposit with the depository including the amount covered by federal insurance.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

*Deposits:* At fiscal year end, the carrying amount of the School District's deposits was \$7,605,310 and the bank balance was \$7,573,965. Of the bank balance, \$100,000 was covered by federal depository insurance and \$7,473,965 was uninsured and uncollateralized. Although all State statutory requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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 alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Columbiana County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$14,447 in the General Fund, \$2,776 in the Bond Retirement Debt Service Fund, and \$2,765 in the Permanent Improvement Fund.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 6 – PROPERTY TAXES – (Continued)**

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$32,332,540	77%	\$32,174,710	80%
Public Utility	4,686,510	11%	4,576,020	12%
Tangible Personal Property	4,927,710	12%	3,367,070	8%
Total Assessed Value	<u>\$41,946,760</u>	<u>100%</u>	<u>\$40,117,800</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$39.89		\$39.89	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
General Fund	
Taxes	\$798,645
Accounts	4,347
Intergovernmental	6,300
Interfund	64,211
Special Revenue Funds	
Taxes	17,140
Debt Service	
Taxes	139,268
Capital Projects	
Accounts	239
Taxes	125,999
Intergovernmental	157,868
Total Receivables	<u>\$1,314,017</u>

**NOTE 8 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$184,314
Less: Accumulated Depreciation	(157,265)
Net Fixed Assets	<u>\$27,049</u>

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 8 - FIXED ASSETS – (Continued)**

A summary of the changes in general fixed assets during fiscal year 2000 follows:

<u>Asset Category</u>	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/00</u>
Land and Improvements	\$510,284			\$510,284
Buildings	2,407,851			2,407,851
Furniture and Equipment	1,411,289	\$82,270		1,493,559
Vehicles	279,478			279,478
Construction in Progress		7,763,585		7,763,585
Totals	<u>\$4,608,902</u>	<u>\$7,845,855</u>		<u>\$12,454,757</u>

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000 the School District's insurance coverage through Wausau Insurance Corporation was as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents	\$1,000	\$10,346,556
Automobile Liability	100	1,000,000
Uninsured Motorists	0	1,000,000
General Liability		
Per occurrence	0	1,000,000
Per year		5,000,000
Umbrella Liability		
- Per occurrence	0	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

For fiscal year 2000 the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.



**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Wellsville Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the Wellsville Local School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS's Retirement Board. The School District's contributions to SERS for the years ended June 30, 2000, 1999 and 1998 were \$119,118, \$106,470, and \$105,552, respectively; 46 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$64,404 representing unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds and the general long-term obligations account.

**B. State Teachers Retirement System**

The Wellsville Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefits are established by Chapter 3307, of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2000 were 9.3 percent of covered payroll for members and 14 percent for employers. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$475,791, \$449,537, and \$426,132, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$79,792 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium.

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The Retirement Board allocates employer contributions equal to 2 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 8 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion on June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000 will be 8 percent of covered payroll.

For the year ended June 30, 2000, net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 1999, the allocation rate is 6.30 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits were \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .450, then adding the surcharge due as of June 30, 2000, as certified to your district by SERS.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 212 days for classified employees and 220 days for certificated employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 53 days for classified employees and 58 days for certificated employees.

**B. Life Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Blue Cross Blue Shield.

**C. Retirement Incentive Plan Bonus Payment**

In addition to severance pay, a \$2,000 bonus will be paid to any certificated employee at the time of his/her retirement from the School District and acceptance for receipt of retirement benefits by the State Teachers Retirement System. An additional \$5,000 was paid to any certificated employee who retired by June 13, 1999.

**NOTE 13 - OPERATING LEASE**

The School District leases a copier under a noncancelable operating lease. Total costs for this lease is \$14,300 for the year ended June 30, 2000. The future minimum lease payments as of June 30, 2000, are as follows:

Fiscal Year Ending June 30,	Amount
2001	15,600
2002	6,500
Total	\$22,100

**NOTE 14 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Balance at 07/01/99	Additions	Deductions	Balance at 06/30/00
School Improvement Bonds	\$1,670,000		\$40,000	\$1,630,000
Pension Obligation	39,565	\$14,981		54,546
Compensated Absences	465,120	69,695		534,815
Total Long-Term Obligations	\$2,174,685	\$84,676	\$40,000	\$2,219,361

*General Obligation Bonds* - On May 1, 1998, Wellsville Local School District issued \$1,709,000 in voted general obligation bonds for school improvements. The bonds were issued for a twenty-two year period with final maturity at December 1, 2020, with varying interest rates from 4.35 percent to 5.65 percent. The bonds will be retired from the debt service fund.

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 14 - LONG-TERM OBLIGATIONS – (Continued)**

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$1,980,602 with an unvoted debt margin of \$40,118 at June 30, 2000.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	45,000	89,055	134,055
2002	45,000	87,008	132,008
2003	50,000	84,870	134,870
2004	50,000	82,395	132,395
2005	55,000	79,895	134,895
2006-2010	315,000	354,192	669,192
2011-2015	405,000	258,658	663,658
2016-2020	540,000	130,515	670,515
2021	125,000	7,062	132,062
Total	<u>\$1,630,000</u>	<u>\$1,173,650</u>	<u>\$2,803,650</u>

**NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Wellsville Local School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Adult Education	Total Enterprise Funds
Operating Revenues	\$80,306		\$80,306
Operating Expenses Excluding Depreciation	198,720	600	199,320
Depreciation Expense	894		894
Operating Income (Loss)	(119,308)	(600)	(\$119,908)
Donated Commodities	16,693		16,693
Grants	101,735	8,273	110,008
Net Income (Loss)	(880)	(600)	(1,480)
Net Working Capital	(6,377)	2,741	(3,636)
Total Assets	49,188	2,741	51,929
Total Liabilities	28,516		28,516
Total Equity	20,672	2,741	23,413

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

*Columbiana County Career Center* - The Columbiana County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Columbiana County Career Center, Susan Beiling, who serves as Treasurer, at 9364 State Route 45, Lisbon, Ohio 44432.

**NOTE 17 - INSURANCE PURCHASING POOL**

*Ohio School Boards Association Workers' Compensation Group Rating Plan* - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**NOTE 18 - CONTINGENCIES**

**Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

**NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1999			\$70,567	
Current Year Set-aside Requirement	\$110,122	\$110,122		
Current Year Offsets		(122,807)		
Qualifying Disbursements	(\$182,964)			
Total	<u>(\$72,842)</u>	<u>(\$12,685)</u>	<u>\$70,567</u>	
Cash Balance Carried Forward to FY 2001			<u>\$70,567</u>	
Amount restricted for Budget Stabilization				<u>\$70,567</u>
Total Restricted Assets				<u>\$70,567</u>

**Wellsville Local School District  
Columbiana County**

**Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)**

**NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES – (Continued)**

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

**NOTE 20 - SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$4,353,805 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$10.9 million under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "major areas warrant further attention, study, and development by the General Assembly," including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under these programs and on its financial operations.

WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2000

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	03 - PU - 00	10.550		\$14,268		\$16,693
National School Lunch Program	04-PU-00	10.555	\$91,455		\$91,455	
National School Breakfast Program	05-PU-00	10.553	17,336		17,336	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>108,791</u>	<u>14,268</u>	<u>108,791</u>	<u>16,693</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States						
Title VI-B Flow Through	6B-SF-99 6B-SF-00	84.027	64,431		5,692 57,793	
Total Special Education Cluster			<u>64,431</u>		<u>63,485</u>	
Goals 2000 Grant	G2-S1-99	84.276			9,700	
Total Goals 2000 Grant					<u>9,700</u>	
Grants to Local Educational Agencies (ESEA Title I)						
	C1-S1-99 C1-S1-99	84.010	270,117		26,168 237,993	
Total Title I			<u>270,117</u>		<u>264,161</u>	
Innovative Educational Program Strategies						
	C2 - S1 - 99 C2 - S1 - 00	84.298	1,615		4,055 2,844	
Total Innovative Educational Programs			<u>1,615</u>		<u>6,899</u>	
Drug-Free Schools Grant	DR - S1 - 99 DR-S1-00	84.186	4,556		620 3,927	
Total Drug Free School Grant			<u>4,556</u>		<u>4,547</u>	
Total Department of Education			<u>340,719</u>		<u>348,792</u>	
<b>Totals</b>			<u><b>\$449,510</b></u>	<u><b>14,268</b></u>	<u><b>\$457,583</b></u>	<u><b>\$16,693</b></u>

The accompanying notes to this schedule are an integral part of this schedule.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2000**

**A. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**B. FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza Suite 302  
Youngstown, Ohio 44503

Telephone 330-797-9900  
800-443-9271

Facsimile 330-797-9949

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

Wellsville Local School District  
Columbiana County  
931 Center Street  
Wellsville, Ohio 43938

To the Board of Education:

We have audited the financial statements of Wellsville Local School District as of and for the year ended June 30, 2000, and have issued our report thereon dated December 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Wellsville Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to management of Wellsville Local School District in a separate letter dated December 19, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Wellsville Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Wellsville Local School District in a separate letter dated December 19, 2000.

Wellsville Local School District  
Columbiana County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

December 19, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza Suite 302  
Youngstown, Ohio 44503

Telephone 330-797-9900  
800-443-9271

Facsimile 330-797-9949

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Wellsville Local School District  
Columbiana County  
931 Center Street  
Wellsville, Ohio 43938

To the Board of Education:

**Compliance**

We have audited the compliance of Wellsville Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. Wellsville Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Wellsville Local School District's management. Our responsibility is to express an opinion on Wellsville Local School District's compliance based on our audit.

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

In our opinion, Wellsville Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended June 30, 2000.

**Internal Control Over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

December 19, 2000

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion.	UNQUALIFIED
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level. (GAGAS)?	NO
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level. (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
(d)(1)(v)	Type of Major Programs' Compliance Opinion.	UNQUALIFIED
(d)(1)(vi)	Are there any reportable findings under § .510?	NO
(d)(1)(vii)	Major Programs (list): Nutrition Cluster	CFDA#10.550,10.553, 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs:	A>\$300,000 B-ALL REMAINING PROGRAMS
(d)(1)(ix)	Low Risk Auditee?	YES





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**WELLSVILLE LOCAL SCHOOL DISTRICT**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 20, 2001**