



**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wellington Exempted Village School District
Lorain County
201 South Main Street
Wellington, Ohio 44090

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wellington Exempted Village School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wellington Exempted Village School District, Lorain County, Ohio, as of June 30, 2008, and the respective changes in financial position, and where applicable, cash flows, thereof and budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 3, the July 1, 2007 net assets were restated to correct the value of the District's capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2009, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures is 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 basic financial statements. We subjected the schedule of federal awards receipts and expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

July 9, 2009

Wellington Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

The discussion and analysis of Wellington Exempted Village School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2008 are as follows:

- In total, net assets decreased by \$187,872.
- Revenues for governmental activities totaled \$14,302,321 in 2008. Of this total, 87 percent consisted of General revenues while Program revenues accounted for the balance of 13 percent.
- Program expenses totaled \$14,490,193. Instructional expenses made up 58 percent of this total while support services accounted for 34 percent. Other expenses rounded out the remaining 8 percent.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes pertaining to those statements. These statements are organized so the reader can understand Wellington Exempted Village School District as a financial whole, or complete operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and the *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Wellington Exempted Village School District, the general fund is the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2008?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include all Non-Fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Wellington Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency, fiscal capacity and risk and exposure.

In the Statement of Net Assets and the Statement of Activities, the School District's governmental activities include all of the District's Non-Fiduciary programs and services such as instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 13. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and building capital projects fund.

Governmental Funds

Most of the School District's activities are reported as governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Wellington Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

The School District as a Whole

You may recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2008 compared to 2007:

Table 1
Net Assets

	<i>Governmental Activities</i>	
	<i>2008</i>	<i>2007</i>
Assets		
Current and Other Assets	\$10,064,784	\$9,585,601
Capital Assets, Net	4,459,787	4,726,588
<i>Total Assets</i>	14,524,571	14,312,189
Liabilities		
Current and Other Liabilities	5,364,866	5,123,003
Long-term Liabilities:		
Due Within One Year	34,311	182,389
Due in More than One Year	1,055,169	748,700
<i>Total Liabilities</i>	6,454,346	6,054,092
Net Assets		
Invested in Capital Assets, Net of Debt	4,459,787	4,696,477
Restricted	819,963	332,551
Unrestricted	2,790,475	3,229,069
<i>Total Net Assets</i>	\$8,070,225	\$8,258,097

Total assets increased by \$212,382. The majority of the increase was attributed to the School District's increased cash balance. During the fiscal year, property tax collections increased in the general fund and the School District collected new property tax monies in the building capital projects fund.

Total liabilities increased by \$400,254. This increase can be attributed to increased compensated absences liability and deferred revenue.

By comparing assets and liabilities, one can see the overall position of the School District is stable and continues to thrive.

Wellington Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$12,486,191 or 87 percent of the total revenue. The most significant portion of general revenues is local property tax, income tax and state support. The remaining amount of revenue received was in the form of program revenues, which equated to \$1,816,130 or 13 percent of total revenue.

Table 2 shows the changes in net assets and compares revenue and expenses from fiscal year 2008 to fiscal year 2007. A comparative analysis of government-wide data is presented.

Table 2
Changes in Net Assets

	<i>Governmental Activities 2008</i>	<i>Governmental Activities 2007</i>
Revenues		
Program Revenues:		
Charges for Services	\$983,649	\$895,193
Operating Grants and Contributions	832,481	763,418
<i>Total Program Revenues</i>	<u>1,816,130</u>	<u>1,658,611</u>
General Revenues:		
Property Taxes	3,994,224	4,382,469
Income Taxes	1,758,446	1,753,952
Grants and Entitlements	6,513,863	6,534,884
Investments	171,425	172,441
Miscellaneous	48,233	124,496
<i>Total General Revenues</i>	<u>12,486,191</u>	<u>12,968,242</u>
<i>Total Revenues</i>	<u>14,302,321</u>	<u>14,626,853</u>
Program Expenses		
Instruction:		
Regular	6,917,214	6,205,312
Special	1,297,588	1,130,239
Vocational	100,201	48,385
Other	0	5,317
Support Services:		
Pupils	467,344	451,367
Instructional Staff	750,977	564,757
Board of Education	37,176	38,257
Administration	1,237,752	1,031,623
Fiscal	469,515	354,793
Operation and Maintenance of Plant	1,068,555	1,152,913
Pupil Transportation	910,356	745,481
Central	140,531	121,331
Operation of Non-Instructional Services	632,208	513,649
Extracurricular Activities	458,148	457,645
Interest and Fiscal Charges	2,628	2,628
<i>Total Program Expenses</i>	<u>14,490,193</u>	<u>12,823,697</u>
<i>Increase/Decrease in Net Assets</i>	(187,872)	1,803,156
<i>Net Assets Beginning of Year</i>	<u>8,258,097</u>	<u>6,454,941</u>
<i>Net Assets End of Year</i>	<u>\$8,070,225</u>	<u>\$8,258,097</u>

Wellington Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

As one can see, approximately 58 percent of the School Districts expense is used to fund instructional expenses. Additional supporting services for pupils, staff and business operations encompass an additional 34 percent. The remaining amount of program expenses, 8 percent, is to facilitate other obligations of the School District such as interest and fiscal charges, the food service program and numerous extracurricular activities.

The Statement of Activities shows the total net cost of program services. Table 3 shows a comparative of the total cost of services for governmental activities and the net cost of those services for fiscal year 2008 to fiscal year 2007. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	<i>Total Cost of Services 2008</i>	<i>Net Cost of Services 2008</i>	<i>Total Cost of Services 2007</i>	<i>Net Cost of Services 2007</i>
Instruction:				
Regular	\$6,917,214	\$6,813,736	\$6,205,312	\$6,040,745
Special	1,297,588	750,659	1,130,239	895,328
Vocational	100,201	96,201	48,385	48,385
Other	0	0	5,317	1,417
Support Services:				
Pupils	467,344	463,734	451,367	445,785
Instructional Staff	750,977	511,573	564,757	275,649
Board of Education	37,176	37,176	38,257	38,257
Administration	1,237,752	1,182,691	1,031,623	970,017
Fiscal	469,515	469,515	354,793	354,793
Operation and Maintenance of Plant	1,068,555	1,068,555	1,152,913	1,152,913
Pupil Transportation	910,356	866,977	745,481	701,281
Central	140,531	135,253	121,331	116,077
Operation of Non-Instructional Services	632,208	61,945	513,649	(52,226)
Extracurricular Activities	458,148	213,420	457,645	174,037
Interest and Fiscal Charges	2,628	2,628	2,628	2,628
Total	\$14,490,193	\$12,674,063	\$12,823,697	\$11,165,086

As one can see, the reliance upon local tax revenues for governmental activities is crucial.

Wellington Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

School District's Funds

Information regarding the School District's major funds can be found on page 23 and 24 of the notes to the basic financial statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources totaled \$14,830,699 and expenditures and other financing uses totaled \$13,536,970. The general fund balance increased by \$793,288.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund to be budgeted is the general fund.

During the course of fiscal 2008, the School District amended its general fund budget numerous times, none significant. The School District uses a site-based style of budgeting and has in place systems that are designed to tightly control disbursements but provide flexibility for site based decision and management.

For the general fund, the original basis revenue estimate totaled \$12,283,918 compared to the final estimate of \$12,596,782. The final budget basis expenditure totaled \$11,790,145 compared to the original estimate of \$11,691,394. The majority of the modifications were made due to increased instructional and support services expenditures.

The School District's general fund unencumbered ending cash balance totaled \$4,292,115.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the School District had \$4,459,787 invested in land and improvements, buildings and improvements, furniture and fixtures, and vehicles net of accumulated depreciation. Table 4 shows fiscal 2008 values compared to 2007.

Wellington Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Table 4
Capital Assets at June 30
(Net of Depreciation)

	<i>Governmental Activities</i>	
	<u>2008</u>	<u>2007</u>
Land	\$1,430,520	\$1,430,520
Buildings and Improvements	6,827,370	6,827,370
Furniture and Fixtures	759,071	759,071
Vehicles	761,678	797,252
Accumulated Deprecation	<u>(5,318,852)</u>	<u>(5,087,625)</u>
<i>Totals</i>	<u><u>\$4,459,787</u></u>	<u><u>\$4,726,588</u></u>

All capital assets are reported at historical cost. For more information on capital assets refer to Note 8 of the basic financial statements.

School District Outlook

Wellington Exempted Village School Districts financial outlook is unstable and dependant on increased funding from the State of Ohio. Due to the economic condition of the State, increased funding is unlikely. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast and the School District Continuous Improvement Plan.

The financial future of the School District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist as the School District must rely heavily on local taxes to fund its operations. External challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system.

Although the School District relies heavily on its property taxpayers to support its operations, the community support for the schools is quite strong. The School District currently has a positive cash balance and based on the five year forecast will continue to carry a positive balance for the next two years. With the passage of a 3 year 3.95 mill permanent improvement levy the School District has been able to increase its cash balance.

The School District does not anticipate any meaningful growth in State revenue due to the constraints set by the State for estimating state funding. The State has cut the budget and increased funding from the State looks grim. The affect of a property reappraisal will have a negative affect on the State's share of per pupil funding. With 27 percent of the revenue for the School District coming from property taxes, one can see the significant impact this constraint would have on the School District and ultimately, the residential taxpayers.

As a result of the challenges mentioned above, it is imperative the School District's management continue to carefully and prudently plan in order to provide the resources required to meet student needs over the next several years.

*Wellington Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Ms. Suzanne Wilson, Treasurer at Wellington Exempted Village School District, 201 S Main Street, Wellington, Ohio 44090, or call 440-647-4286.

Wellington Exempted Village School District

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,275,047
Inventory Held for Resale	15,702
Intergovernmental Receivable	36,482
Property Taxes Receivable	4,076,077
Income Taxes Receivable	661,476
Non-Depreciable Capital Assets	1,430,520
Depreciable Capital Assets, net	3,029,267
Total Assets	<u>14,524,571</u>
Liabilities	
Accounts Payable	42,288
Accrued Wages and Benefits	1,275,482
Intergovernmental Payable	353,479
Matured Compensated Absences	153,670
Deferred Revenue	3,539,947
Long-Term Liabilities:	
Due Within One Year	34,311
Due in More Than One Year	1,055,169
Total Liabilities	<u>6,454,346</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,459,787
Restricted for Debt Service	31
Restricted for Capital Outlay	657,281
Restricted for Other Purposes	162,651
Unrestricted	2,790,475
Total Net Assets	<u><u>\$8,070,225</u></u>

See Accompanying Notes to the Basic Financial Statements

Wellington Exempted Village School District

Statement of Activities

For the Fiscal Year Ended June 30, 2008

	<u>Program Revenues</u>		<i>Net (Expenses)</i>
	<i>Charges for</i>	<i>Operating Grants</i>	<i>Revenue and</i>
<u>Expenses</u>	<u>Services and</u>	<u>and Contributions</u>	<u>Changes in Net</u>
	<u>Sales</u>		<u>Assets</u>
Governmental Activities			
Instruction:			
Regular	\$6,917,214	\$58,069	\$45,409
Special	1,297,588	296,641	250,288
Vocational	100,201	0	4,000
Support Services:			
Pupils	467,344	0	3,610
Instructional Staff	750,977	0	239,404
Board of Education	37,176	0	0
Administration	1,237,752	44,948	10,113
Fiscal	469,515	0	0
Operation and Maintenance of Plant	1,068,555	0	0
Pupil Transportation	910,356	43,182	197
Central	140,531	0	5,278
Operation of Non-Instructional Services	632,208	320,817	249,446
Extracurricular Activities	458,148	219,992	24,736
Interest and Fiscal Charges	2,628	0	0
Totals	<u>\$14,490,193</u>	<u>\$983,649</u>	<u>\$832,481</u>

General Revenues

Property Taxes Levied for:

General Fund 3,418,404

Capital Improvement Fund 575,820

Income Taxes 1,758,446

Grants and Entitlements not Restricted to Specific Programs 6,513,863

Investment Earnings 171,425

Miscellaneous 48,233

Total General Revenues 12,486,191

Change in Net Assets (187,872)

Net Assets Beginning of Year 8,258,097

Net Assets End of Year \$8,070,225

See Accompanying Notes to the Basic Financial Statements

Wellington Exempted Village School District

*Balance Sheet
Governmental Funds
June 30, 2008*

	<i>General Fund</i>	<i>Building Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
<i>Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$4,341,764	\$580,149	\$287,030	\$5,208,943
Inventory Held for Resale	0	0	15,702	15,702
Interfund Receivable	5,400	0	0	5,400
Intergovernmental Receivable	1,095	0	35,387	36,482
Property Taxes Receivable	3,748,277	327,800	0	4,076,077
Income Taxes Receivable	661,476	0	0	661,476
Restricted Assets:				
Restricted Cash and Cash Equivalents	66,104		0	66,104
<i>Total Assets</i>	<u>\$8,824,116</u>	<u>\$907,949</u>	<u>\$338,119</u>	<u>\$10,070,184</u>
<i>Liabilities</i>				
Accounts Payable	\$34,286	\$1,425	\$6,577	\$42,288
Accrued Wages and Benefits	1,207,508	0	67,974	1,275,482
Intergovernmental Payable	318,384	0	35,095	353,479
Interfund Payable	0	0	5,400	5,400
Matured Compensated Absences	142,078	0	11,592	153,670
Deferred Revenue	3,375,734	263,131	0	3,638,865
<i>Total Liabilities</i>	<u>5,077,990</u>	<u>264,556</u>	<u>126,638</u>	<u>5,469,184</u>
<i>Fund Balances</i>				
Reserved for Encumbrances	106,113	10,945	15,509	132,567
Reserved for Property Taxes	372,543	64,669	0	437,212
Reserved for Textbooks & Instructional Supplies	66,104	0	0	66,104
Unreserved, Undesignated, Reported in:				
General Fund	3,201,366	0	0	3,201,366
Special Revenue Funds	0	0	195,941	195,941
Debt Service Fund	0	0	31	31
Capital Projects Funds	0	567,779	0	567,779
<i>Total Fund Balances</i>	<u>3,746,126</u>	<u>643,393</u>	<u>211,481</u>	<u>4,601,000</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$8,824,116</u>	<u>\$907,949</u>	<u>\$338,119</u>	<u>\$10,070,184</u>

See Accompanying Notes to the Basic Financial Statements

Wellington Exempted Village School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities*
 June 30, 2008

<i>Total Governmental Fund Balances</i>	\$4,601,000
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,459,787
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	98,918
Long-term liabilities, including compensated absences and capital leases payable, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(1,089,480)
Total	(1,089,480)
<i>Net Assets of Governmental Activities</i>	\$8,070,225

See Accompanying Notes to the Basic Financial Statements

Wellington Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	<u>General Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property Taxes	\$3,376,425	\$575,820	\$0	\$3,952,245
Income Taxes	1,758,446	0	0	1,758,446
Intergovernmental	6,442,371	73,616	769,831	7,285,818
Interest	171,425	0	0	171,425
Tuition and Fees	296,641	0	60,769	357,410
Extracurricular Activities	42,603	0	265,690	308,293
Gifts and Donations	0	0	70,538	70,538
Customer Sales and Services	0	0	307,077	307,077
Miscellaneous	45,483	0	3,328	48,811
Total Revenues	12,133,394	649,436	1,477,233	14,260,063
Expenditures				
Current:				
Instruction:				
Regular	6,191,508	143,056	99,894	6,434,458
Special	1,010,422	0	225,739	1,236,161
Vocational	87,295	0	4,000	91,295
Support Services:				
Pupils	440,363	0	4,070	444,433
Instructional Staff	485,547	0	201,091	686,638
Board of Education	37,176	0	0	37,176
Administration	1,075,324	15,546	53,645	1,144,515
Fiscal	416,967	10,882	0	427,849
Operation and Maintenance of Plant	1,067,696	0	0	1,067,696
Pupil Transportation	694,247	0	43,272	737,519
Central	132,231	0	5,278	137,509
Operation of Non-Instructional Services	608	0	600,226	600,834
Extracurricular Activities	238,619	2,076	217,453	458,148
Debt Service:				
Principal	30,111	0	0	30,111
Interest and Fiscal Charges	2,628	0	0	2,628
Total Expenditures	11,910,742	171,560	1,454,668	13,536,970
Excess of Revenues Over Expenditures	222,652	477,876	22,565	723,093
Other Financing Sources				
Proceeds from the Sale of Capital Assets	2,750	0	0	2,750
Transfer In	567,886	0	0	567,886
Total Other Financing Sources	570,636	0	0	570,636
Net Change in Fund Balances	793,288	477,876	22,565	1,293,729
Fund Balances Beginning of Year	2,952,838	165,517	188,916	3,307,271
Fund Balances End of Year	\$3,746,126	\$643,393	\$211,481	\$4,601,000

See Accompanying Notes to the Basic Financial Statements

Wellington Exempted Village School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008*

Net Change in Fund Balances - Total Governmental Funds \$1,293,729

*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlay as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. In the current period, these amounts are:

Capital Assets - Additions	16,434	
Capital Assets - Deletions	(32,756)	
Depreciation	<u>(250,479)</u>	
<i>Total</i>		(266,801)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. 39,508

Repayment of capital lease principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net assets. 30,111

Some expenses reported in the statement of activities, such as compensated absences,
do not require the use of current financial resources and therefore are not reported
as expenditures in the governmental funds. (188,502)

The internal service fund used by management to charge the costs of
health insurance is included in the statement of activities and not on the
governmental fund expenditures. This is the amount that revenues exceeded
expenses during the year. (1,095,917)

Changes in Net Assets of Governmental Activities (\$187,872)

See Accompanying Notes to the Basic Financial Statements

Wellington Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance with</i>
	<u>Original</u>	<u>Final</u>		<i>Final Budget</i>
				<i>Positive (Negative)</i>
Revenues				
Property Taxes	\$3,739,269	\$3,753,411	\$3,753,411	\$0
Income Taxes	1,662,191	1,854,292	1,854,292	0
Intergovernmental	6,306,482	6,441,276	6,441,276	0
Interest	172,441	163,076	171,425	8,349
Tuition and Fees	241,851	296,641	296,641	0
Rent	7,525	0	0	0
Extracurricular Activities	36,988	42,603	42,603	0
Miscellaneous	117,171	45,483	45,483	0
<i>Total Revenues</i>	<u>12,283,918</u>	<u>12,596,782</u>	<u>12,605,131</u>	<u>8,349</u>
Expenditures				
Current:				
Instruction:				
Regular	6,369,128	6,124,513	6,124,513	0
Special	970,533	1,009,868	1,009,868	0
Vocational	68,488	74,061	74,061	0
Support Services:				
Pupils	478,154	428,184	428,184	0
Instructional Staff	328,251	459,906	459,906	0
Board of Education	38,394	72,088	72,088	0
Administration	990,595	1,074,163	1,074,163	0
Fiscal	362,196	417,271	417,271	0
Operation and Maintenance of Plant	975,180	1,043,684	1,043,684	0
Pupil Transportation	738,773	691,011	691,011	0
Central	101,263	125,789	125,789	0
Operation of Non-Instructional Services	623	608	608	0
Extracurricular Activities	237,077	236,262	236,262	0
Debt Service:				
Principal	30,111	30,111	30,111	0
Interest and Fiscal Charges	2,628	2,628	2,628	0
<i>Total Expenditures</i>	<u>11,691,394</u>	<u>11,790,147</u>	<u>11,790,147</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	<u>592,524</u>	<u>806,635</u>	<u>814,984</u>	<u>8,349</u>
Other Financing Sources (Uses)				
Transfers In	0	0	567,886	567,886
Advances In	480,441	440,000	440,000	0
Proceeds from Sale of Fixed Assets	0	2,750	2,750	0
Transfers Out	(67,587)	0	0	0
Advances Out	(440,000)	(2,400)	(2,400)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(27,146)</u>	<u>440,350</u>	<u>1,008,236</u>	<u>567,886</u>
<i>Net Change in Fund Balance</i>	565,378	1,246,985	1,823,220	576,235
<i>Fund Balance Beginning of Year</i>	2,300,042	2,300,042	2,300,042	0
Prior Year Encumbrances Appropriated	168,853	168,853	168,853	0
<i>Fund Balance End of Year</i>	<u>\$3,034,273</u>	<u>\$3,715,880</u>	<u>\$4,292,115</u>	<u>\$576,235</u>

See Accompanying Notes to the Basic Financial Statements

Wellington Exempted Village School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2008

	<i>Self-Insurance Fund</i>
<i>Operating Revenues</i>	
Charges for Services	\$0
<i>Total Operating Revenues</i>	0
<i>Operating Expenses</i>	
Purchased Services	57,604
Claims	478,645
<i>Total Operating Expenses</i>	536,249
<i>Operating Loss</i>	(536,249)
<i>Non-Operating Revenues</i>	
Interest	8,218
<i>Total Non-Operating Revenues</i>	8,218
<i>Loss Before Transfer</i>	(528,031)
Transfer Out	(567,886)
<i>Net Change in Net Assets</i>	(1,095,917)
<i>Net Assets at Beginning of Year</i>	1,095,917
<i>Net Assets at End of Year</i>	\$0

See Accompanying Notes to the Basic Financial Statements

Wellington Exempted Village School District

Statement of Cash Flows

Internal Service Fund

For the Fiscal Year Ended June 30, 2008

	<i>Self-Insurance Fund</i>
<i>DECREASE IN CASH AND CASH EQUIVALENTS</i>	
<i>Cash Flows from Operating Activities</i>	
Cash Payments to Suppliers for Goods and Services	(\$57,604)
Cash Payments for Claims	(478,645)
	<hr/>
<i>Net Cash Used for Operating Activities</i>	(536,249)
	<hr/>
<i>Cash Flows from Noncapital Financing Activity</i>	
Transfer Out	(567,886)
	<hr/>
<i>Net Cash Used for Noncapital Financing Activities</i>	(567,886)
	<hr/>
<i>Cash Flows from Investing Activities</i>	
Interest on Investments	8,218
	<hr/>
<i>Net Cash Provided by Investing Activities</i>	8,218
	<hr/>
<i>Net Decrease in Cash and Cash Equivalents</i>	(1,095,917)
<i>Cash and Cash Equivalents at Beginning of Year</i>	1,095,917
	<hr/>
<i>Cash and Cash Equivalents at End of Year</i>	\$0
	<hr/> <hr/>
<i>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</i>	
<i>Operating Loss</i>	(536,249)
	<hr/>
<i>Adjustments:</i>	
Changes in Liabilities:	
Claims Payable	0
	<hr/>
<i>Total Adjustments</i>	0
	<hr/>
<i>Net Cash Used for Operating Activities</i>	(536,249)
	<hr/> <hr/>

See Accompanying Notes to the Basic Financial Statements

Wellington Exempted Village School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u><i>Agency Fund</i></u>
<i>Assets</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$34,115</u>
<i>Total Assets</i>	<u><u>\$34,115</u></u>
<i>Liabilities</i>	
Undistributed Monies	<u>\$34,115</u>
<i>Total Liabilities</i>	<u><u>\$34,115</u></u>

See Accompanying Notes to the Basic Financial Statements

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 1 - Description of the School District and Reporting Entity

Wellington Exempted Village 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 through the consolidation of existing land areas and school districts. The School District serves an area of approximately sixty four square miles. It is located in Lorain and Huron Counties. It is staffed by 65 non-certificated employees and 97 certificated personnel who provide services to 1,560 students and other community members.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Wellington Exempted Village 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. There are no component units of the School District.

The School District is associated with organizations which are defined as a jointly governed organizations and public entity risk pools. These organizations include the Lake Erie Educational Computer Association, Lake Erie Regional Council of Governments, Lorain County Joint Vocational School District, Ohio School Plan and Sheakley Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the basic financial statements

Note 2 - Summary of Significant Accounting Policies

The financial statements of Wellington Exempted Village 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 governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The Statement of Net Assets presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid 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. The various funds of the School District are grouped into the categories governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund The general fund is the general 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.

Building Capital Projects Fund The building fund accounts for property tax revenue to be used for capital improvements made to existing buildings in the School District.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service; the School District has no enterprise funds.

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. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds reflect resources that belong to the student bodies of the various schools.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become 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. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include income and property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, grants, investment earnings, tuition, rentals and fees.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenditures/Expenses On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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 governmental funds.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

E. 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 appropriation 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 major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board of Education's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control set by the Board. The legal level of control has been established by the Board of Education at the fund level. The treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final certificate of estimated resources issued during fiscal year 2008.

The appropriation resolution is subject to amendment by the Board of Education throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during fiscal year 2008.

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. 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 financial statements.

During fiscal year 2008, investments were limited to repurchase agreements and STAROhio. Repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

For the fiscal year ended June 30, 2008, the School District reported \$66,104 in "Equity in pooled cash and cash equivalents (restricted)" on the balance sheet. This amount represents a reserve for textbooks and instructional materials.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents (continued)

As authorized by State statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund and self-insurance internal service fund during fiscal year 2008 amounted to \$171,425 and \$8,218, respectively. The general fund interest includes approximately \$32,557 assigned from other School District funds.

For presentation on the financial statements, 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. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventories consist of donated and purchased food, and supplies held for consumption.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets include an amount required by statute to be set-aside for the purchases of textbooks and other instructional materials. See Note 19 for additional information regarding set-asides.

J. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District capitalization threshold is \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; 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.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

All reported capital assets, other than land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<i>Description</i>	<i>Estimated Lives</i>
Land Improvements	20 years
Buildings and Improvements	50 to 80 years
Furniture and Fixtures	8 – 25 years
Vehicles	15 years

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

L. 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 termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

For governmental funds, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirement. These amounts are reported in the account "Matured Compensated Absences Payable" in the funds from which the employees will be paid.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. 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 balance reserves are established for property taxes, inventory and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2008.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 3 – Restatement of Net Assets

Net assets at July 1, 2007 were restated from \$8,286,303 to \$8,258,097, a change of \$28,206. The change can be attributed to the School District correcting the values of furniture and fixtures fixed assets. In addition, the School District has decided not to recognize textbooks as fixed assets. There was no change to net assets since the textbooks were totally depreciated. (See Note 9 for additional information)

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance 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 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the modified accrual basis of generally accepted accounting principles are that:

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statement for the General Fund.

	<i>General</i>
<i>GAAP Basis</i>	\$793,288
Net Adjustment for Revenues	471,737
Advances In	440,000
Net Adjustment for Expenditures	236,354
Advances Out	(2,400)
Adjustment for Encumbrances	(115,759)
<i>Budget Basis</i>	\$1,823,220

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 withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 5 - Deposits and Investments (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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 invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in the amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the 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.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 5 - Deposits and Investments (continued)

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$420,752 of the School District's \$520,752 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times be at least one hundred five percent of the deposits being secured.

Investments As of June 30, 2008, the School District had the following investments and maturities:

<i>Investment Type</i>	<i>Fair Value</i>	<i>6 months or Less</i>
STAROhio	\$2,169,101	\$2,169,101
Repurchase Agreement	2,815,000	2,815,000
<i>Totals</i>	<u>\$4,984,101</u>	<u>\$4,984,101</u>

The weighted average maturity of the investments is daily.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk. The School District's investments, repurchase agreements and STAR Ohio, were rated AAAM by Standard & Poor's.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested to any one issuer. The following table includes the percentage of total of each investment type held by the School District at June 30, 2008:

<i>Investment Type</i>	<i>Fair Value</i>	<i>Percent Of Total</i>
STAROhio	\$2,169,101	43.52%
Repurchase Agreement	2,815,000	56.48
<i>Totals</i>	<u>\$4,984,101</u>	<u>100.00%</u>

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following 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 and public utility property tax revenues received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the values as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out, the assessment for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Lorain and Huron Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2008, was \$437,212 and is recognized as revenue. \$372,543 was available to the general fund and \$64,669 was available to the building fund. The amount available as an advance at June 30, 2007, was \$749,529 in the general fund and \$128,568 in the building fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 6 - Property Taxes (continued)

The assessed values upon which the fiscal year 2008 taxes were collected are:

	<i>2008 First Half Collections</i>		<i>2007 Second Half Collections</i>	
	<i>Amount</i>	<i>Percent</i>	<i>Amount</i>	<i>Percent</i>
Agricultural/Residential and Other Real Estate	\$188,391,820	93.03%	\$183,036,280	89.34%
Public Utility Personal	6,553,110	3.24	7,367,980	3.60
Tangible Personal Property	7,560,797	3.73	14,466,535	7.06
	\$202,505,727	100.00%	\$204,870,795	100.00%
Tax Rate per \$1,000 of assessed valuation	\$31.94		\$31.94	

Note 7 - Receivables

Receivables at June 30, 2008, consisted of property taxes, income taxes, accounts (rent, tuition and fees), intergovernmental grants, and interfunds. 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 year guarantee of federal funds. All receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<i>Governmental Activities</i>	<i>Amounts</i>
General	\$1,095
Title V	387
IDEA-B	35,000
<i>Total</i>	\$36,482

Note 8 - Interfund Transactions

Interfund balances at June 30, 2008, consist of the following:

<i>Fund</i>	<i>Receivable</i>	<i>Payable</i>
<i>General</i>	\$5,400	\$0
<i>Other Governmental Funds:</i>		
Athletic and Music	0	5,400
<i>Total All Funds</i>	\$5,400	\$5,400

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2008 are reported on the statement of net assets.

During the fiscal year, the internal service fund made a transfer to the general fund in the amount of \$567,886. Since the School District decided to purchase third party commercial medical insurance for employees and all the claims had been paid from the internal service funds, the remaining balance of the internal service fund was transferred to the general fund.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<i>Balance at 6/30/07</i>	<i>Restatement</i>	<i>Restated Balance at 7/01/07</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at 6/30/08</i>
<i>Governmental Activities:</i>						
<i>Capital Assets, not being depreciated:</i>						
Land	\$1,430,520	\$0	\$1,430,520	\$0	\$0	\$1,430,520
<i>Total Capital Assets, not being</i>	<u>1,430,520</u>	<u>0</u>	<u>1,430,520</u>		<u>0</u>	<u>1,430,520</u>
<i>Capital Assets, being depreciated:</i>						
Buildings, Building Improvements & Land Improvements	6,827,370	0	6,827,370	0	0	6,827,370
Furniture and Fixtures	825,143	(66,072)	759,071	0	0	759,071
Vehicles	797,253	0	797,253	16,434	(52,008)	761,678
Textbooks	546,845	(546,845)	0	0	0	0
<i>Total Capital Assets, being depreciated</i>	<u>8,996,610</u>	<u>(612,917)</u>	<u>8,383,693</u>	<u>16,434</u>	<u>(52,008)</u>	<u>8,348,119</u>
<i>Less Accumulated Depreciation:</i>						
Buildings, Building Improvements & Land Improvements	(4,270,615)	0	(4,270,615)	(120,379)	0	(4,390,994)
Furniture and Fixtures	(541,471)	37,866	(503,605)	(40,741)	0	(544,346)
Vehicles	(313,405)	0	(313,405)	(89,359)	19,252	(383,512)
Textbooks	(546,845)	546,845	0	0	0	0
<i>Total Accumulated Depreciation</i>	<u>(5,672,336)</u>	<u>584,711</u>	<u>(5,087,625)</u>	<u>(250,479)</u>	<u>19,252</u>	<u>(5,318,852)</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$4,754,794</u>	<u>(\$28,206)</u>	<u>\$4,726,588</u>	<u>(\$234,045)</u>	<u>(\$32,756)</u>	<u>\$4,459,787</u>

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$134,923
Special	1,776
Vocational	456
<i>Support Services:</i>	
Pupils	2,043
Administration	11,099
Fiscal	507
Operation and Maintenance of Plant	6,125
Pupil Transportation	86,569
Operation of Non-Instructional Services	6,981
<i>Total Depreciation Expense</i>	<u>\$250,479</u>

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 10 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2008, the School District contracted with the Harcum-Schuett Agency Inc. for liability, fleet and property insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. Coverage is as follows:

	<i>Coverage</i>	<i>Deductible</i>
Buildings and Contents	\$28,658,554	\$1,000
Automobile Liability	2,000,000	250 – 1,000
Uninsured Motorists	1,000,000	250 – 1,000
Crime Insurance	25,000	1,000
<i>General Liability:</i>		
Per Occurrence	1,000,000	0
Aggregate	3,000,000	0

For fiscal year 2008, the School District participated in the Sheakley Workers' Compensation Group Rating Program (G.P.), an insurance purchasing pool (Note 17). The intent of the G.P. 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 G.P. 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 G.P. Each participant pays its workers' compensation premium to the State based on the rate for the G.P. 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 G.P. 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 G.P. Participation in the G.P. is limited to school districts that can meet the G.P.'s selection criteria. The firm of Sheakley Unicorp Inc. provides administrative, cost control and actuarial services of the G.P.

The School District has contracted with the Lake Erie Regional Council of Governments(LERC) to provide employee health and medical benefits. At July 1, 2007, LERC changed from partial self-insurance to a fully insured consortium. All outstanding claims were deemed part of the pool and not charged to individual school districts.

The School District provides medical and dental benefits to most employees. The premium and coverage varies with employees depending on marital status.

Note 11 - Employee Benefits

A. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified, full-time administrators and non-bargaining unit employees earn 10 to 25 days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and elementary principals do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. There is a 240 day limit as to the amount of sick leave that may be accumulated. Upon retirement employees receive payment for 29.17 percent of their total sick leave accumulation.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 11 - Employee Benefits (continued)

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees. Life insurance is provided through Fort Dearborn Life Insurance Company. The premium for the employee term life insurance is paid by the School District at a rate of .10 per \$1,000 of coverage plus an additional administrative fee of 3% of the total premium.

Note 12 - Defined Benefit Pension Plans

A. School Employee Retirement System

The School District contributes to the School Employees Retirement System (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 Chapter 3309 of the Ohio Revised Code. SERS 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 School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$155,925, \$167,220, and \$163,244 respectively; 45.58 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strs.org.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 12 - Defined Benefit Pension Plans(continued)

B. State Teachers Retirement System (continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$748,969, \$762,697, and \$736,086, respectively; 84.93 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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 of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2008, all the members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 13 – Postemployment Benefits

A. School Employee Retirement System

The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$116,434.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$105,199, \$88,962, and \$88,931 respectively; 45.58 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$11,234, \$11,371, and \$12,993 respectively; 45.58 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$57,613, \$58,669, and \$56,622 respectively; 84.05 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 14 – Operating Lease

The School District is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreement is not reflected in the School District’s statement of net assets as a long term liability. During 2008, expenditures for the operating lease totaled \$22,270. The following is a schedule of future minimum lease payments as of June 30, 2008:

<i>Year Ending June 30,</i>	<i>Amount</i>
2009	\$68,781
2010	68,781
2011	68,781
2012	68,781
2013	62,083
2014	861
<i>Total Minimum Lease Payments</i>	<i>\$338,068</i>

Note 15- Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2008 were as follows:

	<i>Balance</i>			<i>Balance</i> <i>Amounts Due</i>	
	<i>6/30/07</i>	<i>Additions</i>	<i>Deductions</i>	<i>6/30/08</i>	<i>In One Year</i>
<i>Compensated Absences</i>	\$900,978	\$359,887	\$(171,385)	\$1,089,480	\$34,311
<i>Capital Leases</i>	30,111	0	(30,111)	0	0
<i>Total Governmental Activities</i> <i>Long-Term Liabilities</i>	\$931,089	\$359,887	(\$201,496)	\$1,089,480	\$34,311

Compensated absences will be paid from the general and food service funds. The capital leases were paid from the general fund. The School District overall debt limitation was \$17,376,137 at June 30, 2008.

Note 16 - Jointly Governed Organizations

A. Lake Erie Educational Computer Association (LEECA)

LEECA is a jointly governed computer service organization among thirty-one members in the Ohio counties of Cuyahoga, Lorain, Erie, Huron, and Medina. These members are comprised of various public school districts and educational service centers in the counties previously mentioned. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. LEECA is organized under Chapter 167 and 3313 of the Ohio Revised Code. The Educational Service Center of Lorain County serves as fiscal agent for LEECA and is one of the members mentioned above. LEECA is governed by an assembly which consists of a superintendent or designated representative from each participating member.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 16 - Jointly Governed Organizations (continued)

A. Lake Erie Educational Computer Association (LEECA) (continued)

LEECA has a Board of Directors chosen from the general membership of the LEECA Assembly which consists of a representative from the fiscal agent, chairmen of various committees, and at least one member from each participating county. The assembly exercises total control over the operation of the consortium including budgeting, appropriating, contracting and designating management. All the consortium revenues are generated from charges for services and State funding. Financial information can be obtained by writing the Treasurer of the Educational Service Center of Lorain County, 1885 Lake Ave., Elyria, Ohio 44035.

B. Lorain County Joint Vocational School District

The Lorain County Joint Vocational School 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 district's elected boards, which possess its own budgeting and taxing authority. To obtain financial information write to the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44074.

Note 17 - Public Entity Risk Pools

A. Lake Erie Regional Council of Government

The Lake Erie Regional Council of Government (LERC) is a shared risk pool which is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council, comprised of 10 Lorain County school districts, has a Health Benefits Program, a media center, a natural gas purchasing consortium, and a life insurance purchasing pool. Each member provided operating resources to LERC on a per-pupil or actual usage charge, except for health insurance.

B. Ohio School Plan

The Ohio School Plan (Plan) is a shared liability, property and fleet insurance risk pool which is governed by a board of thirteen school superintendents, business managers and treasurers. Harcum-Schuett, the insurance agency, has one board seat. OSBA, BASA and OASBO executive directors serve as ex-officio members. 450 educational entities are served by the Plan. The Plan's board elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Plan. All Plan revenues are generated from charges for services. For more information write to The Ohio School Plan, Harcum-Schuett Insurance Agency, Inc., 246 Sycamore Street, Columbus, Ohio 43206.

C. Sheakley Worker's Compensation Group

The School District participates in the Sheakley Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program's business 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 enrollment fees to the Program to cover the costs of administering the program.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 18 - Contingencies

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2008.

Note 19 - Set-Asides

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 purpose in future years.

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

	<i>Textbooks</i>	<i>Capital Acquisition</i>
<i>Set-Aside Cash Balance as of June 30, 2007</i>	\$22,469	\$0
Current Year Set-Aside Requirement	238,690	238,690
Qualifying Disbursements	(195,057)	(238,690)
<i>Total</i>	\$66,102	\$0
<i>Set-Aside Cash Balance as of June 30, 2008</i>	\$66,102	\$0

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside to below zero for the capital acquisition set-aside requirement, this amount may not be used to reduce the set-aside requirement for future fiscal years. A negative balance is therefore not presented as being carried forward to future fiscal years.

Note 20 – School District Income Tax

The School District levies a voted income tax of 1% on the residents' income and on estates. The permanent income tax has been effective since January 1, 1991. Employers of the School District's residents are required to withhold income tax on compensation and remit the withheld tax to the State of Ohio. Once the income taxes have been collected by the State of Ohio, the State makes quarterly payments to the School District after withholding an administrative fee and estimated amounts for refunds. The income tax money is receipted in the general fund. Taxpayers are required to file a school district income tax return annually.

Wellington Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 21 – Change in Accounting Principles

For fiscal year 2008, the District implemented Governmental Accounting Standards Board No. 45, Accounting and Financial Reporting by employees for post-employment benefits other than pensions. GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the STRS and SERS post-employment healthcare plans. No material change to statements due to implementation.

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Nutrition Cluster:						
National School Breakfast Program	045658 05 PU 08	10.553	\$37,669	\$0	\$37,669	\$0
National School Lunch Program	045658 LL P4 08	10.555	179,650	30,427	179,650	30,427
Total Nutrition Cluster			217,319	30,427	217,319	30,427
TOTAL U.S. DEPARTMENT OF AGRICULTURE			217,319	30,427	217,319	30,427
<u>U. S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Title I Grants to Local Education Agencies	045658 C1 S1 07	84.010	215	0	9,184	0
	045658 C1 S1 08	84.010	152,723	0	148,096	0
Total Title I Grants to Local Education Agencies			152,938	0	157,280	0
Special Education - Grants to States	045658 6B SF 07	84.027	(4,490)	0	4,667	0
	045658 6B SF 08	84.027	256,713	0	238,889	0
Total Special Education - Grants to States			252,223	0	243,556	0
Safe and Drug-Free Schools and Communities State Grants	045658 DR S1 07	84.186	2,256	0	3,000	0
	045658 DR S1 08	84.186	5,627	0	4,930	0
Total Safe and Drug-Free Schools and Communities State Grants			7,883	0	7,930	0
State Grants for Innovative Programs	045658 C2 S1 07	84.298	0	0	0	0
	045658 C2 S1 08	84.298	941	0	941	0
Total State Grants for Innovative Programs			941	0	941	0
Education Technology - State Grants	045658 TJ S1 07	84.318	(180)	0	0	0
	045658 TJ S1 08	84.318	1,536	0	1,244	0
Total Education Technology - State Grants			1356	0	1,244	0
Improving Teacher Quality State Grants	045658 TR S1 06	84.367	(2,575)	0	460	0
	045658 TR S1 07	84.367	44,370	0	37,281	0
Total Improving Teacher Quality State Grants			41,795	0	37,741	0
TOTAL U.S. DEPARTMENT OF EDUCATION			457,136	0	448,692	0
TOTAL ALL FEDERAL FUNDS			<u>\$674,455</u>	<u>\$30,427</u>	<u>\$666,011</u>	<u>\$30,427</u>

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

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 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. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – NATIONAL SCHOOL LUNCH PROGRAM

Cash receipts from the U.S. Department of Agriculture are co-mingled with State grants and local monies. It is assumed federal monies are expended first.

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Values may change from month to month and are entirely subjective. At June 30, 2008, the District had no significant food commodities in inventory.

NOTE C – TRANSFERS

The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with ODE's approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approved between the cost centers. During fiscal year 2008, the Ohio Department of Education (ODE) authorized the following transfers.

<u>CFDA Number</u>	<u>Program Title</u>	<u>Pass Through Entity Number</u>	<u>Transfers Out</u>	<u>Transfers In</u>
84.027	Special Education – Grants to States Special Education – Grants to States	6BSF-2007 6BSF-2008	(4,490)	4,490
84.318	Education Technology State Grants Education Technology State Grants	TJS1-2007 TJS1-2008	(180)	180
TOTALS			(4,670)	4,670

CFDA – Catalog of Federal Domestic Assistance.



Mary Taylor, CPA

Auditor of State

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

Wellington Exempted Village School District
Lorain County
201 South Main Street
Wellington, Ohio 44090

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wellington Exempted Village School District, Lorain County, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 9, 2009 wherein we noted the District restated the July 1, 2007 net assets correct the values of furniture and fixture capital assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated July 9, 2009.

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Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated July 9, 2009.

We intend this report solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 9, 2009



Mary Taylor, CPA

Auditor of State

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

Wellington Exempted Village School District
Lorain County
201 South Main Street
Wellington, Ohio 44090

To the Board of Education:

Compliance

We have audited the compliance of Wellington Exempted Village School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Wellington Exempted Village School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

July 9, 2009

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Grants to States CFDA # 84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 23, 2009