



Mary Taylor, CPA  
Auditor of State





# Dave Yost • Auditor of State

March 8, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Reports completed prior to that date contain the signature of my predecessor.

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

DAVE YOST  
Auditor of State

**This Page is Intentionally Left Blank.**

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets .....	13
Statement of Activities.....	14
Balance Sheet – Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	17
Reconciliation of the Statements of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	19
Statement of Fiduciary Net Assets – Fiduciary Funds.....	20
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund .....	21
Notes to the Basic Financial Statements .....	23
Federal Awards Expenditure Schedule.....	51
Notes to the Federal Awards Expenditure Schedule.....	52
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and on Other Matters Required by <i>Governmental Auditing Standards</i> .....	53
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	55
Schedule of Findings.....	57
Schedule of Prior Audit Findings.....	59

**THIS PAGE INTENTIONALLY LEFT BLANK.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Wellsville Local School District  
Columbiana County  
929 Center Street  
Wellsville, Ohio 43968

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 Wellsville Local School District, Columbiana County, Ohio (the District), as of and for the year ended June 30, 2010, 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 Wellsville Local School District, Columbiana County, Ohio, as of June 30, 2010, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010, 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.

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements' responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us this sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the 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. The federal awards schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

December 15, 2010



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

The management's discussion and analysis of the Wellsville Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2010 are as follows:

- In total, net assets of governmental activities increased \$403,538, which represents a 4.80% increase from 2009.
- General revenues accounted for \$6,927,530 in revenue or 71.09% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,817,797 or 28.91% of total revenues of \$9,745,327.
- The District had \$9,341,789 in expenses related to governmental activities; only \$2,817,797 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,927,530 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the permanent improvement fund. The general fund had \$7,325,426 in revenues and \$7,173,993 in expenditures. During fiscal year 2010, the general fund's fund balance increased \$151,433 from \$1,776,640 to \$1,928,073.
- The permanent improvement fund had \$229,822 in revenues and other financing sources and \$46,509 in expenditures. During fiscal year 2010, the permanent improvement fund's fund balance increased \$183,313 from \$497,594 to \$680,907.

**Using the Basic Financial Statements**

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

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and permanent improvement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, extracurricular activities and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and permanent improvement fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end 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 financial statements provide a detailed *short-term* view of the 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 basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

*Notes to the Basic Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-49 of this report.

**The District as a Whole**

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2010 and 2009.

	<b>Net Assets</b>	
	Governmental Activities	Restated Governmental Activities
	<u>2010</u>	<u>2009</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 6,005,185	\$ 5,814,006
Capital assets, net	<u>6,752,564</u>	<u>7,129,585</u>
Total assets	<u>12,757,749</u>	<u>12,943,591</u>
<b><u>Liabilities</u></b>		
Current liabilities	2,112,277	2,533,837
Long-term liabilities	<u>1,828,883</u>	<u>1,996,703</u>
Total liabilities	<u>3,941,160</u>	<u>4,530,540</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	5,463,700	5,719,564
Restricted	2,089,769	1,884,312
Unrestricted	<u>1,263,120</u>	<u>809,175</u>
Total net assets	<u>\$ 8,816,589</u>	<u>\$ 8,413,051</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$8,816,589. At year-end, restricted net assets were \$2,089,769.

At year-end, capital assets represented 52.93% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$5,463,700. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$2,089,769, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$1,263,120.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

The graph below shows the District's assets, liabilities, and net assets at June 30, 2010 and 2009.

**Governmental Activities**



The table below shows the change in net assets for fiscal year 2010 and 2009.

**Change in Net Assets**

	Governmental Activities 2010	Governmental Activities 2009
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 952,584	\$ 922,377
Operating grants and contributions	1,865,213	1,962,798
General revenues:		
Property taxes	1,079,364	1,116,557
Grants and entitlements	5,772,035	5,338,186
Investment earnings	47,186	67,560
Miscellaneous	<u>28,945</u>	<u>94,631</u>
Total revenues	<u>\$ 9,745,327</u>	<u>\$ 9,502,109</u>

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

**Change in Net Assets**

	<u>Governmental Activities 2010</u>	<u>Governmental Activities 2009</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	4,465,455	4,343,935
Special	911,452	989,766
Vocational	174,299	109,796
Other	220,610	44,476
Support services:		
Pupil	315,714	351,758
Instructional staff	423,999	441,424
Board of education	14,088	12,793
Administration	740,965	838,762
Fiscal	244,670	245,615
Business	-	286
Operations and maintenance	926,186	964,889
Pupil transportation	146,082	160,075
Central	33	
Operation of non-instructional services:		
Other non-instructional services	6,649	-
Food service operations	417,899	395,776
Extracurricular activities	269,530	287,723
Interest and fiscal charges	64,158	73,205
<b>Total expenses</b>	<u>9,341,789</u>	<u>9,260,279</u>
<b>Change in net assets</b>	403,538	241,830
<b>Net assets at beginning of year</b>	<u>8,413,051</u>	<u>8,171,221</u>
<b>Net assets at end of year</b>	<u>\$ 8,816,589</u>	<u>\$ 8,413,051</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$403,538. Total governmental expenses of \$9,341,789 were offset by program revenues of \$2,817,797 and general revenues of \$6,927,530. Program revenues supported 30.16% of the total governmental expenses.

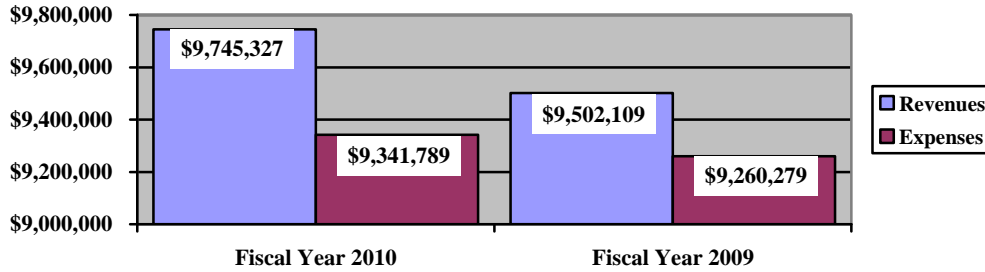
The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 78.37% of total governmental revenue. Real estate property is reappraised every six years. The decrease in tax revenue is the result of the passage of House Bill No. 66. This bill phases out the tax on tangible personal property. Fiscal year 2009 was the first complete year with out this tax.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2010 and 2009.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,465,455	\$ 2,970,335	\$ 4,343,935	\$ 3,012,794
Special	911,452	605,188	989,766	276,163
Vocational	174,299	151,866	109,796	87,530
Other	220,610	220,610	44,476	37,688
Support services:				
Pupil	315,714	287,578	351,758	312,606
Instructional staff	423,999	6,684	441,424	158,333
Board of education	14,088	10,700	12,793	12,793
Administration	740,965	696,272	838,762	801,893
Fiscal	244,670	236,156	245,615	241,684
Business	-	-	286	(9)
Operation and maintenance	926,186	911,440	964,889	964,415
Pupil transportation	146,082	145,356	160,075	155,226
Central	33	33	-	-
Operation of non-instructional services:				
Other non-instructional services	6,649	6,649	-	-
Food service operations	417,899	22,356	395,776	26,742
Extracurricular activities	269,530	188,611	287,723	214,041
Interest and fiscal charges	<u>64,158</u>	<u>64,158</u>	<u>73,205</u>	<u>73,205</u>
Total expenses	<u>\$ 9,341,789</u>	<u>\$ 6,523,992</u>	<u>\$ 9,260,279</u>	<u>\$ 6,375,104</u>

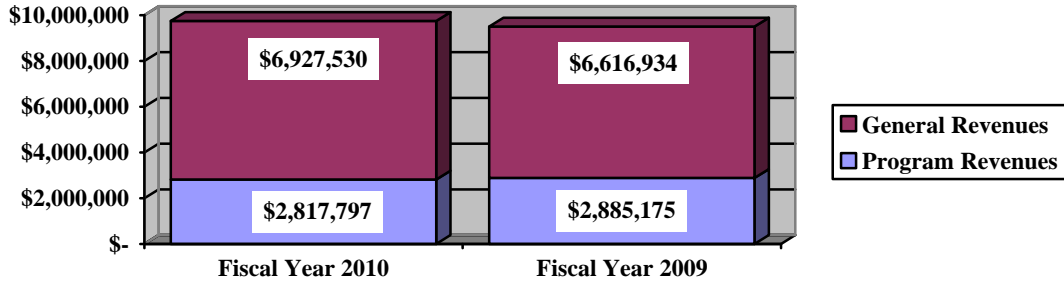
The dependence upon tax and other general revenues for governmental activities is apparent, 68.40% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 69.84%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the primary support for District's students.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2010 and 2009.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$3,441,035, which is higher than last year's total of \$2,893,425. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	<u>Fund Balance</u> <u>June 30, 2010</u>	<u>Fund Balance</u> <u>June 30, 2009</u>	<u>Increase</u>
General	\$ 1,928,073	\$ 1,776,640	\$ 151,433
Permanent Improvement	680,907	497,594	183,313
Other Governmental	<u>832,055</u>	<u>619,191</u>	<u>212,864</u>
Total	<u>\$ 3,441,035</u>	<u>\$ 2,893,425</u>	<u>\$ 547,610</u>

**General Fund**

The District's general fund balance increased \$151,433. The table that follows assists in illustrating the financial activities and fund balance of the general fund. The decrease in tax revenue is due to the passage of House Bill No. 66 which eliminates the tangible personal property tax. The increase in tuition is due to invoiced excess cost of open enrollment students. The District's general fund balance increase due to the difference in PDA funds and State fiscal stabilization funds. Earnings on investments decreased due to the decreasing interest rates due to the national economy. The decreases in instructional and support expenditures were caused primarily by the decreasing costs of wages and benefits.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 786,394	\$ 861,775	\$ (75,381)	(8.75) %
Tuition	785,066	755,067	29,999	3.97 %
Earnings on investments	47,186	67,560	(20,374)	(30.16) %
Intergovernmental	5,704,177	5,741,454	(37,277)	(0.65) %
Other revenues	<u>2,603</u>	<u>96,685</u>	<u>(94,082)</u>	(97.31) %
Total	<u>\$ 7,325,426</u>	<u>\$ 7,522,541</u>	<u>\$ (197,115)</u>	(2.62) %
<b><u>Expenditures</u></b>				
Instruction	\$ 4,536,049	\$ 4,605,017	\$ (68,968)	(1.50) %
Support services	2,429,050	2,480,932	(51,882)	(2.09) %
Extracurricular activities	188,425	179,919	8,506	4.73 %
Debt services	<u>20,469</u>	<u>21,120</u>	<u>(651)</u>	(3.08) %
Total	<u>\$ 7,173,993</u>	<u>\$ 7,286,988</u>	<u>\$ (112,995)</u>	(1.55) %

***Permanent Improvement Fund***

The permanent improvement capital projects fund had \$229,822 in revenues and other financing sources and \$46,509 in expenditures. During fiscal year 2010, the permanent improvement fund's fund balance increased \$183,313 from \$497,594 to \$680,907.

***General Fund Budgeting Highlights***

The 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 budgeted fund is the general fund.

During the course of fiscal year 2010, the District amended its general fund budget numerous times. For the general fund, original budgeted revenues and other financing sources of \$8,304,764 were decreased to \$7,785,472 in the final budget. Actual revenues and other financing sources for fiscal year 2010 was \$7,364,431. This represents a \$421,041 decrease from final budgeted revenues.

General fund original appropriations of \$11,108,201 were decreased to \$10,588,908 in the final budget. The actual budget basis expenditures for fiscal year 2010 totaled \$7,370,270, which was \$3,218,638 less than the final budget appropriations.



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2010, the District had \$6,752,564 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2010 balances compared to 2009.

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2010	2009
Land	\$ 291,858	\$ 300,158
Land improvements	271,543	311,693
Building and improvements	5,948,719	6,242,751
Furniture and equipment	104,332	118,998
Vehicles	136,112	155,985
Total	\$ 6,752,564	\$ 7,129,585

The overall decrease in capital assets of \$377,021 is due to depreciation expense of \$372,688 and disposals of \$46,275 net of accumulated depreciation exceeding capital outlays of \$41,942. See Note 8 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

During fiscal year 2010, the District restated long term obligations. At June 30, 2010, the District had \$1,291,656 in general obligation bonds, a capital lease and an energy conservation loan outstanding. Of this total, \$105,000 is due within one year and \$1,186,656 is due within more than one year. The following table summarizes the bonds, lease and loan outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2010</u>	Restated Governmental Activities <u>2009</u>
School improvement bonds	\$ 75,000	\$ 145,000
Refunding bond issue	996,656	999,292
Energy conservation loan	220,000	240,000
Capital lease	-	19,827
Total	\$ 1,291,656	\$ 1,404,119

See Note 10 to the basic financial statements for further detail on the District's debt administration.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

**Current Financial Related Activities**

The District is holding its own in the state of a declining economy and uncertainty in State funding. The District is a small rural community of 3,800 in Eastern Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

Future finances are not without challenges as the community changes and state funding is revised.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Coleen Wickham, who serves as Treasurer, Wellsville Local School District, 929 Center Street, Wellsville, Ohio 43968.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . .	\$ 4,202,451
Receivables:	
Taxes. . . . .	1,454,932
Accounts. . . . .	322
Intergovernmental . . . . .	317,988
Prepayments . . . . .	13,596
Materials and supplies inventory. . . . .	3,991
Unamortized bond issue costs . . . . .	11,905
Capital assets:	
Land . . . . .	291,858
Depreciable capital assets, net. . . . .	6,460,706
Capital assets, net . . . . .	<u>6,752,564</u>
 Total assets. . . . .	 <u>12,757,749</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	105,411
Accrued wages and benefits . . . . .	646,660
Pension obligation payable. . . . .	117,908
Intergovernmental payable . . . . .	47,641
Unearned revenue . . . . .	1,191,148
Accrued interest payable . . . . .	3,509
Long-term liabilities:	
Due within one year. . . . .	205,710
Due within more than one year . . . . .	1,623,173
 Total liabilities . . . . .	 <u>3,941,160</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	5,463,700
Restricted for:	
Capital projects . . . . .	814,629
Classroom facilities maintenance . . . . .	253,248
Locally funded programs . . . . .	2,052
State funded programs. . . . .	135,333
Federally funded programs . . . . .	99,558
Public school support . . . . .	7,508
Student activities . . . . .	25,071
Other purposes . . . . .	752,370
Unrestricted. . . . .	<u>1,263,120</u>
 Total net assets . . . . .	 <u>\$ 8,816,589</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 4,465,455	\$ 750,106	\$ 745,014	\$ (2,970,335)
Special . . . . .	911,452	36,165	270,099	(605,188)
Vocational . . . . .	174,299	-	22,433	(151,866)
Other . . . . .	220,610	-	-	(220,610)
Support services:				
Pupil. . . . .	315,714	-	28,136	(287,578)
Instructional staff . . . . .	423,999	-	417,315	(6,684)
Board of education . . . . .	14,088	-	3,388	(10,700)
Administration. . . . .	740,965	13,665	31,028	(696,272)
Fiscal. . . . .	244,670	-	8,514	(236,156)
Operations and maintenance . . . . .	926,186	-	14,746	(911,440)
Pupil transportation. . . . .	146,082	-	726	(145,356)
Central . . . . .	33	-	-	(33)
Operation of non-instructional services:				
Other non-instructional services . . . . .	6,649	-	-	(6,649)
Food service operations . . . . .	417,899	71,729	323,814	(22,356)
Extracurricular activities. . . . .	269,530	80,919	-	(188,611)
Interest and fiscal charges . . . . .	64,158	-	-	(64,158)
<b>Totals . . . . .</b>	<b>\$ 9,341,789</b>	<b>\$ 952,584</b>	<b>\$ 1,865,213</b>	<b>(6,523,992)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	832,797
Capital projects . . . . .	127,041
Debt service. . . . .	104,882
Special revenue. . . . .	14,644
Grants and entitlements not restricted	
to specific programs . . . . .	5,772,035
Investment earnings . . . . .	47,186
Miscellaneous . . . . .	28,945
<b>Total general revenues . . . . .</b>	<b>6,927,530</b>
Change in net assets . . . . .	403,538
<b>Net assets at beginning of year. . . . .</b>	<b>8,413,051</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 8,816,589</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 1,916,196	\$ 678,336	\$ 865,963	\$ 3,460,495
Receivables:				
Taxes. . . . .	1,120,742	169,791	164,399	1,454,932
Accounts. . . . .	-	-	322	322
Intergovernmental. . . . .	1,912	-	316,076	317,988
Prepayments. . . . .	13,596	-	-	13,596
Materials and supplies inventory. . . . .	-	-	3,991	3,991
Due from other funds . . . . .	18,212	-	-	18,212
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	741,956	-	-	741,956
Total assets . . . . .	<u>\$ 3,812,614</u>	<u>\$ 848,127</u>	<u>\$ 1,350,751</u>	<u>\$ 6,011,492</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 28,627	\$ -	\$ 76,784	\$ 105,411
Accrued wages and benefits. . . . .	530,472	-	116,188	646,660
Compensated absences payable . . . . .	81,830	-	-	81,830
Pension obligation payable . . . . .	94,679	-	23,229	117,908
Intergovernmental payable . . . . .	42,687	-	4,954	47,641
Deferred revenue . . . . .	187,954	28,791	144,902	361,647
Unearned revenue. . . . .	918,292	138,429	134,427	1,191,148
Due to other funds . . . . .	-	-	18,212	18,212
Total liabilities. . . . .	<u>1,884,541</u>	<u>167,220</u>	<u>518,696</u>	<u>2,570,457</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	98,723	-	25,820	124,543
Reserved for prepayments. . . . .	13,596	-	-	13,596
Reserved for materials and supplies inventory. . . . .	-	-	3,991	3,991
Reserved for property tax unavailable for appropriation . . . . .	16,408	2,571	2,473	21,452
Reserved for budget stabilization . . . . .	70,567	-	-	70,567
Reserved for instructional materials . . . . .	447,970	-	-	447,970
Reserved for capital improvements . . . . .	223,419	-	-	223,419
Reserved for debt service . . . . .	-	-	14,742	14,742
Unreserved, undesignated, reported in:				
General fund. . . . .	1,057,390	-	-	1,057,390
Special revenue funds . . . . .	-	-	622,516	622,516
Capital projects funds . . . . .	-	678,336	162,513	840,849
Total fund balances . . . . .	<u>1,928,073</u>	<u>680,907</u>	<u>832,055</u>	<u>3,441,035</u>
Total liabilities and fund balances . . . . .	<u>\$ 3,812,614</u>	<u>\$ 848,127</u>	<u>\$ 1,350,751</u>	<u>\$ 6,011,492</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010

<b>Total governmental fund balances</b>		\$	3,441,035
<i>Amounts reported for governmental activities on 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.			6,752,564
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	242,332	
Intergovernmental receivable		119,315	
Total			361,647
Unamortized bond issuance costs are not recognized in the funds.			11,905
Unamortized premiums on bond issuances are not recognized in the funds.			(64,762)
Unamortized deferred charges on refundings are not recognized in the funds.			50,898
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(3,509)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation and refunding bonds		(1,071,656)	
Energy conservation loan		(220,000)	
Compensated absences		(441,533)	
Total			(1,733,189)
<b>Net assets of governmental activities</b>		\$	8,816,589

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 786,394	\$ 119,650	\$ 112,538	\$ 1,018,582
Tuition . . . . .	785,066	-	-	785,066
Earnings on investments . . . . .	47,186	-	-	47,186
Extracurricular . . . . .	1,178	-	90,861	92,039
Charges for services . . . . .	-	-	71,729	71,729
Classroom materials and fees . . . . .	1,205	-	-	1,205
Contributions and donations . . . . .	-	-	4,430	4,430
Other local revenues . . . . .	220	-	2,645	2,865
Intergovernmental - state . . . . .	5,704,177	35,172	234,481	5,973,830
Intergovernmental - federal . . . . .	-	-	1,596,398	1,596,398
Total revenue . . . . .	<u>7,325,426</u>	<u>154,822</u>	<u>2,113,082</u>	<u>9,593,330</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,491,861	-	676,859	4,168,720
Special . . . . .	649,240	-	236,433	885,673
Vocational . . . . .	174,338	-	-	174,338
Other . . . . .	220,610	-	-	220,610
Support services:				
Pupil . . . . .	300,618	-	14,246	314,864
Instructional staff . . . . .	161,971	-	268,736	430,707
Board of education . . . . .	11,122	-	2,966	14,088
Administration . . . . .	695,648	-	42,996	738,644
Fiscal . . . . .	229,593	3,478	10,485	243,556
Operations and maintenance . . . . .	905,945	8,153	16,940	931,038
Pupil transportation . . . . .	124,120	-	1,406	125,526
Central . . . . .	33	-	-	33
Operation of non-instructional services:				
Other non-instructional services . . . . .	-	6,649	-	6,649
Food service operations . . . . .	-	-	404,439	404,439
Extracurricular activities . . . . .	188,425	-	68,021	256,446
Facilities acquisition and construction . . . . .	-	28,229	-	28,229
Debt service:				
Principal retirement . . . . .	19,827	-	100,000	119,827
Interest and fiscal charges . . . . .	642	-	56,691	57,333
Total expenditures . . . . .	<u>7,173,993</u>	<u>46,509</u>	<u>1,900,218</u>	<u>9,120,720</u>
Excess of revenues over expenditures . . . . .	<u>151,433</u>	<u>108,313</u>	<u>212,864</u>	<u>472,610</u>
<b>Other financing sources:</b>				
Sale of assets . . . . .	-	75,000	-	75,000
Total other financing sources . . . . .	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Net change in fund balances . . . . .	151,433	183,313	212,864	547,610
<b>Fund balances at beginning of year . . . . .</b>	<u>1,776,640</u>	<u>497,594</u>	<u>619,191</u>	<u>2,893,425</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,928,073</u>	<u>\$ 680,907</u>	<u>\$ 832,055</u>	<u>\$ 3,441,035</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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, 2010

**Net change in fund balances - total governmental funds** \$ 547,610

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$ 41,942	
Current year depreciation	<u>(372,688)</u>	
Total		(330,746)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.

(46,275)

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

Taxes	60,782	
Intergovernmental	<u>64,402</u>	
Total		125,184

Repayment of bond, loan, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.

119,827

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following items resulted in additional interest being recorded in the statement of activities:

Decrease in accrued interest payable	351	
Accreted interest on capital appreciation bonds	(7,364)	
Amortization of deferred charges	(4,887)	
Amortization of bond premium	6,217	
Amortization of bond issuance costs	<u>(1,142)</u>	
Total		(6,825)

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 governmental funds:

(5,237)

**Change in net assets of governmental activities** \$ 403,538

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 896,209	\$ 840,170	\$ 794,733	\$ (45,437)
Tuition. . . . .	885,308	829,950	785,066	(44,884)
Earnings on investments . . . . .	53,211	49,884	47,186	(2,698)
Extracurricular. . . . .	1,328	1,245	1,178	(67)
Classroom materials and fees . . . . .	1,359	1,274	1,205	(69)
Other local revenues . . . . .	248	233	220	(13)
Intergovernmental - state. . . . .	6,467,034	6,062,654	5,734,784	(327,870)
Total revenue . . . . .	<u>8,304,697</u>	<u>7,785,410</u>	<u>7,364,372</u>	<u>(421,038)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,519,199	5,261,184	3,661,978	1,599,206
Special. . . . .	1,006,838	959,770	668,035	291,735
Vocational. . . . .	255,143	243,216	169,287	73,929
Other. . . . .	208,879	199,114	138,591	60,523
Support Services:				
Pupil. . . . .	433,811	413,531	287,833	125,698
Instructional staff . . . . .	240,739	229,485	159,730	69,755
Board of education . . . . .	22,944	21,871	15,223	6,648
Administration. . . . .	1,159,925	1,105,700	769,608	336,092
Fiscal . . . . .	354,453	337,883	235,179	102,704
Operations and maintenance. . . . .	1,414,779	1,348,640	938,703	409,937
Pupil transportation . . . . .	202,129	192,679	134,112	58,567
Extracurricular activities. . . . .	289,362	275,835	191,991	83,844
Total expenditures . . . . .	<u>11,108,201</u>	<u>10,588,908</u>	<u>7,370,270</u>	<u>3,218,638</u>
Excess of expenditures over revenues . . . . .	<u>(2,803,504)</u>	<u>(2,803,498)</u>	<u>(5,898)</u>	<u>2,797,600</u>
<b>Other financing sources:</b>				
Refund of prior year's expenditures . . . . .	<u>67</u>	<u>62</u>	<u>59</u>	<u>(3)</u>
Total other financing sources . . . . .	<u>67</u>	<u>62</u>	<u>59</u>	<u>(3)</u>
Net change in fund balance . . . . .	(2,803,437)	(2,803,436)	(5,839)	2,797,597
<b>Fund balance at beginning of year . . . . .</b>	2,475,280	2,475,280	2,475,280	-
<b>Prior year encumbrances appropriated . . . . .</b>	91,542	91,542	91,542	-
<b>Fund balance (deficit) at end of year. . . . .</b>	<u>\$ (236,615)</u>	<u>\$ (236,614)</u>	<u>\$ 2,560,983</u>	<u>\$ 2,797,597</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 258,570	\$ 23,000
Receivables:		
Accounts . . . . .	-	155
Total assets. . . . .	<u>258,570</u>	<u>\$ 23,155</u>
<b>Liabilities:</b>		
Due to students. . . . .	-	\$ 23,155
Total liabilities . . . . .	<u>-</u>	<u>\$ 23,155</u>
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	<u>258,570</u>	
Total net assets . . . . .	<u>\$ 258,570</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 7,456
Total additions. . . . .	7,456
 <b>Deductions:</b>	
Scholarships awarded . . . . .	10,734
Change in net assets. . . . .	(3,278)
<b>Net assets at beginning of year . . . . .</b>	<b>261,848</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 258,570</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**THIS PAGE INTENTIONALLY LEFT BLANK.**

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

Wellsville Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Wellsville Local School District is a local school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities staffed by 33 non-certified and 69 certified full-time teaching personnel who provide services to 896 students and other community members.

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

The basic financial statements of the 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 District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided it does not conflict with or contradict GASB pronouncements. Following are the more significant of the District's accounting policies.

**A. The Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

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

The following organizations are described due to their relationship to the District.

*JOINTLY GOVERNED ORGANIZATIONS*

Area Cooperative Computerized Educational Service System (ACCESS)

ACCESS is a jointly governed organization among 23 school districts, 1 community school, 1 special education resource center, 2 county educational service centers and 2 career and technical centers. 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. The nine-member Board of Directors consists of 2 treasurers and 6 superintendents from participating school districts. The ACCESS treasurer is an ex-officio member of the Board of Directors. The degree of control exercised by any participating school district is limited to its representation on the Board. The assembly exercises total control over the operation of the consortium including budgeting, appropriating, contracting and designating management. The consortium revenues are generated from charges for services, State funding and E-rateable services.

Columbiana County Career Center

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

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers' Compensation Group Rating Program

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

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

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

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 District's major governmental funds:

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

Permanent improvement fund - The permanent improvement fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) food service; (c) for the accumulation of resources and payment of general obligation bond principal and interest; and (d) grants and other resources whose use is restricted to a particular purpose.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

*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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for a scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**C. Basis of Presentation and Measurement Focus**

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**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.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value are 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include 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 District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the 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, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2010, are recorded as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

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

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The primary level of budgetary control is at the function level within the general fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the object level within the general fund and the function and object level in all other funds are made by the Treasurer.

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

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2010, investments were limited to investments in non-negotiable certificates of deposit (CD's) and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2010.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

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

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$47,186.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the 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. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Restricted Assets**

Assets are reported as restricted assets 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 the amount required by State statute to be set aside for the acquisition or construction of capital assets, textbooks, and budget stabilization.

**I. Capital Assets**

General capital assets are those assets specifically related to governmental activities. These assets generally 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 District's capitalization threshold is \$2,500. The 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.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

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

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

Description	Governmental Activities Estimated Lives
Land improvements	15 - 30 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 15 years

**J. Interfund Balances**

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

**K. 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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

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

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

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

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

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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term bonds and loans are recognized as a liability on the governmental fund financial statements when due.

**M. Unamortized Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.A.

**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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes, consists of monies restricted by State statute for budget stabilization, instructional materials and capital acquisitions.

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

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

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

**O. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, debt service, property tax unavailable for appropriation, materials and supplies inventory, prepayments, budget stabilization, instructional materials, and capital improvements.

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

**P. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**Q. 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 basic financial statements.

Interfund activity between governmental funds is eliminated in the statement of activities.

**R. 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 in the financial statements and accompanying notes. Actual results may differ from those estimates.

**S. 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 District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balance**

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Management information systems	\$ 24
Stimulus Title II-D	11
Drug free school grant	326
Miscellaneous federal grants	9,291

The general fund is liable for any deficits and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the 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 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 that 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.

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

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

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above 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 the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Protection of the 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.

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 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.

**A. Deposits with Financial Institutions**

At June 30, 2010, the carrying amount of all District deposits was \$4,476,421, Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$1,941,344 of the District's bank balance of \$4,637,702 was exposed to custodial risk as discussed below, while \$2,696,358 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**B. Investments**

As of June 30, 2010, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	<u>\$ 7,600</u>	<u>\$ 7,600</u>

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*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 District's investment policy limits investment portfolio maturities to five years or less.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 7,600	100.00

**C. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,476,421
Investments	<u>7,600</u>
Total	<u>\$ 4,484,021</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 4,202,451
Private-purpose trust funds	258,570
Agency funds	<u>23,000</u>
Total	<u>\$ 4,484,021</u>

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2010, as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 18,212

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were requested, but were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. The District met the exception requirements of Ohio Revised Code Section 3315.20, allowing a negative cash balance in these funds.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 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 revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 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 semiannually, 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 District prior to June 30.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

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

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$16,408 in the general fund, \$2,142 in the bond retirement fund (a nonmajor governmental fund), \$2,571 in the permanent improvement fund and \$331 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$24,747 in the general fund, \$3,263 in the bond retirement fund (a nonmajor governmental fund), \$3,767 in the permanent improvement fund and \$476 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 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 unearned revenue.

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 43,683,750	90.26	\$ 43,936,860	93.92
Public utility personal	2,766,250	5.72	2,680,250	5.73
Tangible personal property	<u>1,946,720</u>	<u>4.02</u>	<u>161,580</u>	<u>0.35</u>
Total	<u>\$ 48,396,720</u>	<u>100.00</u>	<u>\$ 46,778,690</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$38.65		\$38.65	

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2010, consisted of property taxes, accounts (rent and student fees), and intergovernmental grants and entitlements. 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.

A summary of the principal items of receivables follows:

**Governmental activities:**

Taxes	\$ 1,454,932
Accounts	322
Intergovernmental	<u>317,988</u>
Total	<u>\$ 1,773,242</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2010</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 300,158	\$ -	\$ (8,300)	\$ 291,858
Total capital assets, not being depreciated	<u>300,158</u>	<u>-</u>	<u>(8,300)</u>	<u>291,858</u>
Capital assets, being depreciated:				
Land improvements	775,372	-	(22,534)	752,838
Building and improvements	10,721,547	27,543	(468,563)	10,280,527
Furniture and equipment	690,455	14,399	(14,451)	690,403
Vehicles	312,270	-	-	312,270
Total capital assets, being depreciated	<u>12,499,644</u>	<u>41,942</u>	<u>(505,548)</u>	<u>12,036,038</u>
Less: accumulated depreciation				
Land improvements	(463,679)	(32,800)	15,184	(481,295)
Building and improvements	(4,478,796)	(290,950)	437,938	(4,331,808)
Furniture and equipment	(571,457)	(29,065)	14,451	(586,071)
Vehicles	(156,285)	(19,873)	-	(176,158)
Total accumulated depreciation	<u>(5,670,217)</u>	<u>(372,688)</u>	<u>467,573</u>	<u>(5,575,332)</u>
Governmental activities capital assets, net	<u>\$ 7,129,585</u>	<u>\$ (330,746)</u>	<u>\$ (46,275)</u>	<u>\$ 6,752,564</u>

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 319,484
Special	638
Support services:	
Instructional staff	941
Administration	147
Fiscal	833
Operations and maintenance of plant	6,420
Pupil transportation	19,873
Food service operations	11,268
Extracurricular activities	<u>13,084</u>
Total depreciation expense	<u>\$ 372,688</u>

**NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE**

During a prior fiscal year, the District entered into a capitalized lease for copier equipment. This lease agreement meets the criteria of capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$89,340. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2010 totaled \$19,827 paid by the general fund. During fiscal year 2010, the capital lease liability was paid in full.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2010, the following changes occurred in governmental activities long-term obligations:

	Balance			Balance	Amounts
	<u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2010</u>	<u>Due in</u> <u>One Year</u>
<b>Governmental activities:</b>					
Series 2007 refunding bonds	\$ 999,292	\$ 7,364	\$ (10,000)	\$ 996,656	\$ 10,000
Series 1998 school improvement bonds	145,000	-	(70,000)	75,000	75,000
Energy conversation loan	240,000	-	(20,000)	220,000	20,000
Capital lease obligation	19,827	-	(19,827)	-	-
Compensated absences	<u>577,390</u>	<u>107,751</u>	<u>(161,778)</u>	<u>523,363</u>	<u>100,710</u>
Total long-term obligations, governmental activities	<u>\$ 1,981,509</u>	<u>\$115,115</u>	<u>\$ (281,605)</u>	1,815,019	<u>\$ 205,710</u>
				Less: Deferred charge on refunding	(50,898)
				Add: Unamortized premium	<u>64,762</u>
					<u>\$ 1,828,883</u>

See Note 9 for detail on the District's capital lease obligation.

Compensated absences will be paid from the fund from which the employee is paid primarily the general fund and food service fund (a nonmajor governmental fund).

B. *Series 1998 School Improvement Bond* - On May 1, 1998, the District issued \$1,709,000 in general obligation bonds (Series 1998 School Improvement bond) to provide funds for various District building improvements. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund).

During fiscal year 2008, \$995,000 of the current interest bonds were refunded.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2020, with varying interest rates from 4.35 percent to 5.65 percent.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the future debt service requirements to maturity for the Series 1998 School Improvement bonds:

Fiscal Year Ended	Current Interest Bonds		
	Principal	Interest	Total
2011	\$ 75,000	\$ 2,063	\$ 77,063
Total	<u>\$ 75,000</u>	<u>\$ 2,063</u>	<u>\$ 77,063</u>

- C. Energy Conservation Loan - In August 2004, the District issued general obligation notes for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for a fifteen-year period with final maturity during fiscal year 2020, with an interest rate of 3.0%. The loan will be retired from the debt service fund (a nonmajor governmental fund).

The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation loan:

Year Ended	Current Interest Bonds		
	Principal	Interest	Total
2011	\$ 20,000	\$ 11,187	\$ 31,187
2012	20,000	10,261	30,261
2013	20,000	9,311	29,311
2014	25,000	8,335	33,335
2015	25,000	7,115	32,115
2016 - 2019	<u>110,000</u>	<u>15,397</u>	<u>125,397</u>
Total	<u>\$ 220,000</u>	<u>\$ 61,606</u>	<u>\$ 281,606</u>

**D. Refunding Bonds - Series 2007**

On October 18, 2007, the District issued general obligation bonds (Series 2007 Refunding Bonds) to advance refund the callable portion of the Series 1998 school improvement general obligation bonds (callable principal \$995,000). The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds, par value \$970,000 and capital appreciation bonds, par value \$25,000. The capital appreciation bonds mature December 1, 2014, (effective interest rate 4.0%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$100,000. Total accreted interest of \$16,656 has been included in the statement of net assets at June 30, 2010.



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a schedule of activity for the Series 2007 refunding bonds:

	Balance			Balance	Amounts
	<u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2010</u>	<u>Due in</u>
					<u>One Year</u>
Series 2007, refunding current interest bonds 12/01/16 maturity	\$ 965,000	\$ -	\$ (10,000)	\$ 955,000	\$ 10,000
Series 2007, refunding capital appreciation bonds 4.0% (effective interest), 12/1/14 maturity	25,000	-	-	25,000	-
Series 2007, refunding capital appreciation bonds accrued interest	<u>9,292</u>	<u>7,364</u>	<u>-</u>	<u>16,656</u>	<u>-</u>
Total	<u>\$ 999,292</u>	<u>\$ 7,364</u>	<u>\$ (10,000)</u>	<u>\$ 996,656</u>	<u>\$ 10,000</u>

The reacquisition price exceeded the net carrying amount of the old debt by \$64,132. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a summary of the future debt service requirements to maturity for the Series 2007 refunding bonds:

Fiscal Year	Current Interest Bonds			Capital Appreciation Bonds		
	Refunding Bonds (Series 2007)			Refunding Bonds (Series 2007)		
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 10,000	\$ 38,178	\$ 48,178	\$ -	\$ -	\$ -
2012	90,000	36,177	126,177	-	-	-
2013	90,000	32,578	122,578	-	-	-
2014	95,000	28,878	123,878	-	-	-
2015	-	26,978	26,978	25,000	75,000	100,000
2016 - 2020	550,000	81,773	631,773	-	-	-
2021	<u>120,000</u>	<u>2,430</u>	<u>122,430</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 955,000</u>	<u>\$ 246,992</u>	<u>\$ 1,201,992</u>	<u>\$ 25,000</u>	<u>\$ 75,000</u>	<u>\$ 100,000</u>

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**E. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$2,913,694 (including available funds of \$16,884) and an unvoted debt margin of \$46,353.

**NOTE 11 - COMPENSATED ABSENCES**

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 300 days for classified employees and 300 days for certificated employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 69 days in 2010 for classified employees and maximum of 68 days in 2010 for certified employees.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the District's insurance coverage through Ohio Casualty Insurance Corporation was as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Budiling and contents	\$ 1,000	\$ 29,415,392
Automobile liability	500	1,000,000
Uninsured motorists		1,000,000
General liability:		
Per occurrence		1,000,000
General aggregate		2,000,000

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 12 - RISK MANAGEMENT - (Continued)**

Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in coverage from the previous year.

**B. Workers' Compensation Program**

For fiscal year 2010, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 2). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the GRP.

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$122,916, \$84,139 and \$85,355, respectively; 47.58 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 13 - PENSION PLANS - (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$483,501, \$455,180 and \$443,648, respectively; 94.87 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Funding Policy - 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 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$18,245, \$51,822 and \$51,950, respectively; 47.58 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$7,310, \$6,942 and \$6,150, respectively; 47.58 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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](http://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 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$37,192, \$35,014 and \$34,127, respectively; 94.87 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**NOTE 15 - STATUTORY RESERVES**

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

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

	<u>Textbook/ Instructional Materials</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization</u>
Set-aside balance as of June 30, 2009	\$ 402,885	\$ 262,708	\$ 70,567
Current year set-aside requirement	154,506	154,506	-
Current year offsets	-	(120,846)	-
Qualifying expenditures	<u>(109,421)</u>	<u>(72,949)</u>	<u>-</u>
Total	<u>\$ 447,970</u>	<u>\$ 223,419</u>	<u>\$ 70,567</u>
Balance carried forward to fiscal year 2011	<u>\$ 447,970</u>	<u>\$ 223,419</u>	<u>\$ 70,567</u>

A schedule of the restricted assets at June 30, 2010 follows:

Amount restricted for budget stabilization	\$ 70,567
Amount restricted for capital acquisitions	223,419
Amount restricted for textbooks/instructional materials	<u>447,970</u>
Total restricted assets	<u>\$ 741,956</u>

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While 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 and disbursements.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) 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 GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis); and,
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ (5,839)
Net adjustment for revenue accruals	(38,946)
Net adjustment for expenditure accruals	80,896
Net adjustment for other sources/uses	(59)
Adjustment for encumbrances	115,381
GAAP basis	\$ 151,433

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

**NOTE 17 - CONTINGENCIES - (Continued)**

**B. Litigation**

The District is a party to various legal proceedings seeking damages generally incidental to its operations. The District management is of the opinion that the disposition of the claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**FEDERAL AWARDS EXPENDITURE SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF Agriculture</b>				
<b>Passed Through Ohio Department of Education:</b>				
<u>Child Nutrition Cluster:</u>				
Non-Cash Assistance:				
National School Lunch Program	03-PU-10	10.550	\$32,173	\$32,173
Cash Assistance:				
School Breakfast Program	05-PU-10	10.553	65,015	65,015
National School Lunch Program	04-PU-10	10.555	179,646	179,646
Subtotal Cash Assistance			244,661	244,661
Total Child Nutrition Cluster (Cash and Non-Cash)			276,834	276,834
Cafeteria Equipment Assistance	3DC0-10	10.579	10,000	10,000
Total U.S. Department of Agriculture			<b>286,834</b>	<b>286,834</b>
<b>U.S. DEPARTMENT OF Education</b>				
<b>Passed Through Ohio Department of Education</b>				
<u>Title I, Part A Cluster:</u>				
Title I Grants to Local Educational Agencies (Title 1, Part A of the ESEA)	C1-S1-09 C1-S1-10	84.010	63,739 239,142	74,060 234,096
Subtotal Title I Grants to Local Educational Agencies			302,881	308,156
Title I Grants to Local Educational Agencies, Recovery Act	3DK0-10	84.389	77,511	54,680
Total Title I, Part A Cluster			380,392	362,836
<u>Educational Technology State Grants Cluster:</u>				
Education Technology State Grants	3S20-09 3S20-10	84.318	2,341 3,755	313 3,755
Total Educational Technology State Grants Cluster			6,096	4,068
<u>State Fiscal Stabilization Fund Cluster:</u>				
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	GRF-10	84.394	379,170	251,276
Total State Fiscal Stabilization Fund Cluster			379,170	251,276
<u>Special Education Cluster (IDEA)</u>				
Special Education - Grants to States (IDEA, Part B), Recovery Act	3M20-09 3M20-10	84.027	23,316 154,057	41,749 171,654
Special Education - Grants to States (IDEA, Part B), Recovery Act	3DJ0-10	84.391	117,262	107,469
Total Special Education Cluster (IDEA)			294,635	320,872
Safe and Drug Free Schools Grant	3D10-09 3D10-10	84.186	421 3,707	1,113 3,595
Total Safe and Drug Free Schools Grant			4,128	4,708
Title II Part A Improving Teacher Quality Grant	3Y60-09 3Y60-10	84.367	7,708 66,177	11,847 65,877
Total Title II Part A Grant			73,885	77,724
Rural and Low Income Program	3Y80-09 3Y80-10	84.358	7,128 19,428	2,422 30,153
			26,556	32,575
Total U.S. Department of Education			<b>1,164,862</b>	<b>1,054,059</b>
<b>Total Federal Awards</b>			<b>\$1,451,696</b>	<b>\$1,340,893</b>

The accompanying notes are an integral part of this schedule.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditure Schedule (the Schedule) reports the Wellsville Local School District (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# 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*

Wellsville Local School District  
Columbiana County  
929 Center Street  
Wellsville, Ohio 43968

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 Wellsville Local School District, Columbiana County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2010. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

#### **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 matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 15, 2010.

We intend this report solely for the information and use of management, the audit committee, the Board of Education, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one 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

December 15, 2010



# 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 REQUIRED BY OMB CIRCULAR A-133

Wellsville Local School District  
Columbiana County  
929 Center Street  
Wellsville, Ohio 43968

To the Board of Education:

#### Compliance

We have audited the compliance of Wellsville Local 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 each of its major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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, Wellsville Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

#### 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 to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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 noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we have reported to the District's management in a separate letter dated December 15, 2010.

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



**Mary Taylor, CPA**  
Auditor of State

December 15, 2010

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs:</b>	Title I CFDA # 84.010, 84.389 Special Education Cluster CFDA # 84.027, 84.391
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**THIS PAGE INTENTIONALLY LEFT BLANK.**



WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2010

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Ohio Revised Code Section 5705.41(D) Disbursements were not properly certified.	Yes	N/A





# Dave Yost • Auditor of State

WELLSVILLE LOCAL SCHOOL DISTRICT

COLUMBIANA COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 8, 2011