

WELLINGTON EXEMPTED VILLAGE  
SCHOOL DISTRICT

GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2002





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-728-7398  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Education  
Wellington Exempted Village School District  
201 South Main Street  
Wellington, Ohio 44090

We have reviewed the Independent Auditor's Report of the Wellington Exempted Village School District, Lorain County, prepared by Rea & Associates, Inc., for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wellington Exempted Village School District is responsible for compliance with these laws and regulations.

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

JIM PETRO  
Auditor of State

November 15, 2002

**This Page is Intentionally Left Blank.**

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT**  
**FOR THE YEAR ENDED JUNE 30, 2002**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor’s Report .....	1
Combined Balance Sheet - All Fund Types and Account Groups .....	2-3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds .....	4-5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - (Non-GAAP Basis) Budget and Actual - All Governmental Fund and Expendable Trust FundsTypes .....	6-9
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types .....	10
Combined Statement of Cash Flows - All Proprietary Fund Types .....	11
Notes to the General Purpose Financial Statements .....	12-31
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards.....	32-33
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	34-35
Schedule of Expenditure of Federal Awards – Non-GAAP Budgetary Awards .....	36
Schedule of Findings and Questioned Costs .....	37

**This Page is Intentionally Left Blank.**

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

August 30, 2002

The Board of Education  
Wellington Exempted Village School District  
Wellington, Ohio 44090

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general purpose financial statements of Wellington Exempted Village School District as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Wellington Exempted Village School District as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types 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 August 30, 2002 on our consideration of Wellington Exempted Village School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Rea & Associates, Inc.*

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Assets and Other Debits</i>				
<b>Assets</b>				
Cash and Cash Equivalents - Unrestricted	\$ 3,529,224	\$ 363,377	\$ 31	\$ 251,056
Cash and Cash Equivalents - Restricted	48,127	0	0	0
Receivables:				
Taxes	3,297,682	0	0	0
Accounts	4,005	0	0	0
Interfund	15,354	0	0	0
Intergovernmental Receivable	0	23,748	0	0
Prepaid Items	45,980	0	0	0
Inventory Held For Resale	0	0	0	0
Materials and Supplies Inventory	11,991	0	0	0
Fixed Assets (Net, where applicable of Accumulated Depreciation)	0	0	0	0
<b>Other Debits</b>				
Amount Available In Debt Service	0	0	0	0
Amount to be Provided From Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$ 6,952,363</b>	<b>\$ 387,125</b>	<b>\$ 31</b>	<b>\$ 251,056</b>
<b>Liabilities, Fund Equity, and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 44,417	\$ 7,178	\$ 0	\$ 0
Accrued Wages and Benefits	736,010	40,447	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	15,354	0	0
Intergovernmental Payable	206,426	11,251	0	0
Deferred Revenue	2,307,979	0	0	0
Undistributed Monies	0	0	0	0
Contingency Payable	163,559	0	0	0
Capital Lease Payable	0	0	0	0
Early Retirement Incentive Payable	0	0	0	0
<b>Total Liabilities</b>	<b>3,458,391</b>	<b>74,230</b>	<b>0</b>	<b>0</b>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	214,821	30,228	0	0
Reserved for Inventory	11,991	0	0	0
Reserved for Prepaid Items	45,980	0	0	0
Reserved for Tax Revenue Unavailable for Appropriations	989,703	0	0	0
Reserved for Budget Stabilization	36,125	0	0	0
Reserved for Textbooks/Instructional Materials	12,002	0	0	0
Unreserved:				
Undesignated	2,183,350	282,667	31	251,056
<b>Total Fund Equity and Other Credits</b>	<b>3,493,972</b>	<b>312,895</b>	<b>31</b>	<b>251,056</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 6,952,363</b>	<b>\$ 387,125</b>	<b>\$ 31</b>	<b>\$ 251,056</b>

See accompanying notes to the general purpose financial statements.



Proprietary Fund Type	Fiduciary Fund Type	Account Groups			Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	General Long-Term Obligations	
Enterprise					
\$ 19,901	\$ 35,311	\$ 0	\$ 0	\$ 0	\$ 4,198,900
0	0	0	0	0	48,127
0	0	0	0	0	3,297,682
17,887	0	0	0	0	21,892
0	0	0	0	0	15,354
0	0	0	0	0	23,748
0	0	0	0	0	45,980
10,273	0	0	0	0	10,273
0	0	0	0	0	11,991
3,322	0	11,119,447	0	0	11,122,769
0	0	0	0	31	31
0	0	0	0	940,657	940,657
<u>\$ 51,383</u>	<u>\$ 35,311</u>	<u>\$ 11,119,447</u>	<u>\$ 940,688</u>	<u>\$ 0</u>	<u>\$ 19,737,404</u>

\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,595
23,729	0	0	0	0	800,186
16,615	0	0	0	650,636	667,251
0	0	0	0	0	15,354
6,631	0	0	0	62,328	286,636
7,607	0	0	0	0	2,315,586
0	35,261	0	0	0	35,261
0	0	0	0	0	163,559
0	0	0	0	218,891	218,891
0	0	0	0	8,833	8,833
<u>54,582</u>	<u>35,261</u>	<u>0</u>	<u>0</u>	<u>940,688</u>	<u>4,563,152</u>
0	0	11,119,447	0	0	11,119,447
(3,199)	0	0	0	0	(3,199)
0	0	0	0	0	245,049
0	0	0	0	0	11,991
0	0	0	0	0	45,980
0	0	0	0	0	989,703
0	0	0	0	0	36,125
0	0	0	0	0	12,002
0	50	0	0	0	2,717,154
<u>(3,199)</u>	<u>50</u>	<u>11,119,447</u>	<u>0</u>	<u>0</u>	<u>15,174,252</u>
<u>\$ 51,383</u>	<u>\$ 35,311</u>	<u>\$ 11,119,447</u>	<u>\$ 940,688</u>	<u>\$ 0</u>	<u>\$ 19,737,404</u>

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT**

*Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances*

**All Governmental Fund Types and Expendable Trust Funds**

For the Year Ended June 30, 2002

	<b>Governmental Fund Type</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>
<b>Revenues</b>			
Taxes	\$ 4,308,463	\$ 0	\$ 0
Intergovernmental	5,275,651	508,441	0
Investment Income	87,206	0	0
Tuition and Fees	10,750	0	0
Extracurricular Activities	0	285,065	0
Miscellaneous	85,762	42,846	0
<b>Total Revenues</b>	<b>9,767,832</b>	<b>836,352</b>	<b>0</b>
<b>Expenditures</b>			
Current:			
Instruction			
Regular	4,915,746	152,182	0
Special	399,324	225,522	0
Vocational	171,084	0	0
Adult Continuing	0	6,313	0
Other	1,581	0	0
Support Services:			
Pupils	438,695	24,800	0
Instructional Staff	266,540	40,241	0
Board of Education	26,311	0	0
Administration	1,178,464	63,957	0
Fiscal	284,887	0	0
Operation and Maintenance of Plant	951,723	0	0
Pupil Transportation	474,903	14,789	0
Central	188,932	0	0
Operation of Non-Instructional Services	0	7,378	0
Extracurricular Activities	164,246	203,749	0
Capital Outlay	22,500	0	0
<b>Total Expenditures</b>	<b>9,484,936</b>	<b>738,931</b>	<b>0</b>
Excess of Revenues Over Expenditures	282,896	97,421	0
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	5,598	16,530	0
Operating Transfers Out	(35,169)	(8,298)	0
<b>Total Other Financing Sources</b>	<b>(29,571)</b>	<b>8,232</b>	<b>0</b>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	253,325	105,653	0
Fund Balance at Beginning Of Year	3,240,647	207,242	31
Increase (Decrease) in Reserve for Inventory	0	0	0
<b>Fund Balance at End of Year</b>	<b>\$ 3,493,972</b>	<b>\$ 312,895</b>	<b>\$ 31</b>

See accompanying notes to the general purpose financial statements.

		<b>Fiduciary Fund Type</b>			
<b>Capital Projects</b>		<b>Expendable Trust</b>		<b>Totals (Memorandum Only)</b>	
\$	0	\$	0	\$	4,308,463
	53,600		0		5,837,692
	0		0		87,206
	0		0		10,750
	0		0		285,065
	0		0		128,608
	53,600		0		10,657,784
	22,198		0		5,090,126
	0		0		624,846
	0		0		171,084
	0		0		6,313
	0		0		1,581
	0		0		463,495
	0		0		306,781
	0		0		26,311
	0		0		1,242,421
	0		0		284,887
	0		0		951,723
	0		0		489,692
	981		0		189,913
	0		0		7,378
	0		0		367,995
	0		0		22,500
	23,179		0		10,247,046
	30,421		0		410,738
	0		0		22,128
	0		0		(43,467)
	0		0		(21,339)
	30,421		0		389,399
	220,635		50		3,668,605
	0		0		0
\$	251,056	\$	50	\$	4,058,004

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT**

*Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual*  
**All Governmental Fund Types and Expendable Trust Funds**  
 (Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2002

<b>GENERAL FUND</b>			
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Taxes	\$ 4,460,292	\$ 4,460,292	\$ 0
Intergovernmental	5,275,651	5,275,651	0
Investment Income	81,833	87,206	5,373
Tuition and Fees	10,750	10,750	0
Extracurricular Activities	0	0	0
Miscellaneous	51,692	51,810	118
<b>Total Revenues</b>	<b>9,880,218</b>	<b>9,885,709</b>	<b>5,491</b>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	5,460,160	5,460,160	0
Support Services			
Pupils	433,960	433,960	0
Instructional Staff	268,074	268,074	0
Board of Education	36,753	36,753	0
Administration	1,009,660	1,011,563	(1,903)
Fiscal	288,202	288,202	0
Operation and Maintenance of Plant	1,039,341	1,039,338	3
Pupil Transportation	489,638	489,638	0
Central	352,720	352,720	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	164,507	164,507	0
Capital Outlay	22,500	22,500	0
<b>Total Expenditures</b>	<b>9,565,515</b>	<b>9,567,415</b>	<b>(1,900)</b>
Excess of Revenues Over (Under) Expenditures	314,703	318,294	3,591
<b>Other Financing Sources (Uses)</b>			
Advances In	131,889	131,889	0
Advances Out	(15,354)	(15,354)	0
Operating Transfers In	5,598	5,598	0
Operating Transfers Out	(35,169)	(35,169)	0
<b>Total Other Financing Sources (Uses)</b>	<b>86,964</b>	<b>86,964</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	401,667	405,258	3,591
Fund Balance (Deficit) at Beginning of Year	2,542,394	2,542,394	0
Prior Year Encumbrances Appropriated	370,461	370,461	0
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$ 3,314,522</b>	<b>\$ 3,318,113</b>	<b>\$ 3,591</b>

See accompanying notes to the general purpose financial statements.

SPECIAL REVENUE FUND				DEBT SERVICE FUND			
Revised Budget	Actual	Variance Favorable (Unfavorable)		Revised Budget	Actual	Variance Favorable (Unfavorable)	
\$ 0	0	\$ 0	0	\$ 0	0	\$ 0	0
612,689	616,139	3,450		0	0	0	
0	0	0		0	0	0	
0	0	0		0	0	0	
283,155	285,065	1,910		0	0	0	
42,773	42,846	73		0	0	0	
<u>938,617</u>	<u>944,050</u>	<u>5,433</u>		<u>0</u>	<u>0</u>	<u>0</u>	
481,829	399,268	82,561		0	0	0	
24,800	24,800	0		0	0	0	
61,527	39,993	21,534		0	0	0	
0	0	0		0	0	0	
69,922	64,922	5,000		0	0	0	
0	0	0		0	0	0	
0	0	0		0	0	0	
14,789	14,789	0		0	0	0	
0	0	0		0	0	0	
7,711	7,711	0		0	0	0	
214,145	214,145	0		0	0	0	
0	0	0		0	0	0	
<u>874,723</u>	<u>765,628</u>	<u>109,095</u>		<u>0</u>	<u>0</u>	<u>0</u>	
63,894	178,422	114,528		0	0	0	
15,354	15,354	0		0	0		
(131,889)	(131,889)	0		0	0		
16,530	16,530	0		0	0	0	
(8,298)	(8,298)	0		0	0	0	
<u>(108,303)</u>	<u>(108,303)</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>	
(44,409)	70,119	114,528		0	0	0	
210,194	210,194	0		31	31	0	
45,660	45,660	0		0	0	0	
<u>\$ 211,445</u>	<u>\$ 325,973</u>	<u>\$ 114,528</u>		<u>\$ 31</u>	<u>\$ 31</u>	<u>\$ 0</u>	

(continued)

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT**

*Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual*  
**All Governmental Fund Types and Expendable Trust Funds**  
(Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2002

<b>CAPITAL PROJECTS FUND</b>			
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Taxes	\$ 0	0	\$ 0
Intergovernmental	53,600	53,600	0
Investment Income	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<u>53,600</u>	<u>53,600</u>	<u>0</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	65,898	22,198	43,700
Support Services			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	1,460	1,460	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
<b>Total Expenditures</b>	<u>67,358</u>	<u>23,658</u>	<u>43,700</u>
Excess of Revenues Over (Under) Expenditures	<u>(13,758)</u>	<u>29,942</u>	<u>43,700</u>
<b>Other Financing Sources (Uses)</b>			
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(13,758)</u>	<u>29,942</u>	<u>43,700</u>
Fund Balance (Deficit) at Beginning of Year	194,078	194,078	0
Prior Year Encumbrances Appropriated	<u>27,036</u>	<u>27,036</u>	<u>0</u>
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$ 207,356</u>	<u>\$ 251,056</u>	<u>\$ 43,700</u>

See accompanying notes to the general purpose financial statements.

EXPENDABLE TRUST FUNDS				TOTALS (MEMORANDUM ONLY)							
Revised Budget	Actual	Variance Favorable (Unfavorable)		Revised Budget	Actual	Variance Favorable (Unfavorable)					
\$	0	0	\$	0	\$	4,460,292	\$	4,460,292	\$	0	
	0	0				5,941,940		5,945,390		3,450	
	0	0				81,833		87,206		5,373	
	0	0				10,750		10,750		0	
	0	0				283,155		285,065		1,910	
	0	0				94,465		94,656		191	
	0	0				10,872,435		10,883,359		10,924	
	0	0				6,007,887		5,881,626		126,261	
	0	0				458,760		458,760		0	
	0	0				329,601		308,067		21,534	
	0	0				36,753		36,753		0	
	0	0				1,079,582		1,076,485		3,097	
	0	0				288,202		288,202		0	
	0	0				1,039,341		1,039,338		3	
	0	0				504,427		504,427		0	
	0	0				354,180		354,180		0	
	0	0				7,711		7,711		0	
	0	0				378,652		378,652		0	
	0	0				22,500		22,500		0	
	0	0				10,507,596		10,356,701		150,895	
	0	0				364,839		526,658		161,819	
	0	0				147,243		147,243		0	
	0	0				(147,243)		(147,243)		0	
	0	0				22,128		22,128		0	
	0	0				(43,467)		(43,467)		0	
	0	0				(21,339)		(21,339)		0	
	0	0				343,500		505,319		161,819	
	50	50				2,946,747		2,946,747		0	
	0	0				443,157		443,157		0	
\$	50	\$	50	\$	0	\$	3,733,404	\$	3,895,223	\$	161,819

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT**

*Combined Statement of Revenues,  
Expenses, and Changes in Fund Equity*  
**All Proprietary Fund Types**

For the Year Ended June 30, 2002

	<b>Enterprise Fund</b>
<hr/>	
<b><u>Operating Revenues</u></b>	
Sales	\$ 362,311
Charges for Services	3,365
<b>Total Operating Revenues</b>	<u>365,676</u>
<b><u>Operating Expenses</u></b>	
Salaries	193,571
Fringe Benefits	101,300
Purchased Services	11,243
Materials and Supplies	246,858
Depreciation	5,000
Maintenance	12,636
Other Operating Expenses	1,537
<b>Total Operating Expenses</b>	<u>572,145</u>
Operating Loss	<u>(206,469)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>	
Operating Grants	109,321
Other Non-Operating Revenue	11,347
Other Non-Operating Expenses	34,171
<b>Total Non-Operating Revenues (Expenses)</b>	<u>154,839</u>
Income (Loss) Before Operating Transfers	(51,630)
Operating Transfers In	<u>24,453</u>
Net Loss	(27,177)
Retained Earnings/Fund Balance at Beginning of Year	<u>23,978</u>
<b>Retained Earnings/Fund Deficit at End of Year</b>	<u><u>\$ (3,199)</u></u>

See accompanying notes to the general purpose financial statements.



**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT**

*Combined Statement of Cash Flows*  
**All Proprietary Fund Types**

For the Year Ended June 30, 2002

	<b>Enterprise Fund</b>
<b><u>Cash Flows From Operating Activities</u></b>	
Cash Received from Customers	\$ 348,414
Cash Paid for Goods and Services	(272,680)
Cash Paid to Employees	(292,580)
<i>Net Cash Used For Operating Activities</i>	<u>(216,846)</u>
<b><u>Cash Flows From Non-Capital Financing Activities</u></b>	
Grants	109,321
Other Non-Operating Revenues	45,518
Operating Transfers In	24,453
<i>Net Cash Provided By Non-Capital Financing Activities</i>	<u>179,292</u>
Net Decrease in Cash and Cash Equivalents	(37,554)
Cash and Cash Equivalents at Beginning of Year	57,455
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$ 19,901</u></u>
<b><u>Reconciliation of Operating Loss to Net Cash Used For Operating Activities</u></b>	
Operating Loss	\$ (206,469)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:</b>	
Depreciation	5,000
(Increase) Decrease in assets:	
Accounts Receivable	(17,887)
Inventory	(992)
Increase (Decrease) in liabilities:	
Accounts Payable	(916)
Accrued Wages and Benefits	(3,036)
Compensated Absences Payable	5,327
Deferred Revenue	625
Intergovernmental Payable	1,502
<i>Total Adjustments</i>	<u>(10,377)</u>
<i>Net Cash Used For Operating Activities</i>	<u><u>\$ (216,846)</u></u>

See accompanying notes to the general purpose financial statements.

***NOTE 1 - NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY***

The Wellington Exempted Village School District (the District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is an exempted village school district as defined by Section 3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of, October 1, 2001 was 1,572. The District employs 105 certificated and 65 non-certificated employees.

The reporting entity is required to be composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Wellington Exempted Village School 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 obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or 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. The District has no component units.

Management believes the financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

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

***(A) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION***

The accounts of the District are organized and operated on the basis of funds and account groups to report on its' financial position and the results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The District has the following fund types and account groups:

*GOVERNMENTAL FUND TYPES*

Governmental fund types are used to account for the District's general government activities. Governmental fund types and the expendable trust funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

**Revenues – Exchange and Non-Exchange Transactions.** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 the fiscal year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 10). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year which 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 non-exchange 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.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which are levied to finance fiscal year 2003 operations, have been recorded as deferred revenue.

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the General Purpose Financial Statements*

June 30, 2002

---

**Expenditures** are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

*General Fund* - used to account for all financial resources except those required to be accounted for in another fund.

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

*Debt Service Fund* - used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds.

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

**PROPRIETARY FUND TYPES**

Proprietary fund types are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Unused donated commodities are reported as deferred revenue. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the Board of Education has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with GASB pronouncements. The District's proprietary funds are as follows:

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

### *FIDUCIARY FUND TYPES*

Fiduciary fund types account for assets held by the government in a trustee capacity or as an agent on behalf of others. The District's fiduciary fund types are as follows:

*Expendable Trust Fund* - accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

*Agency Fund* - custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

### *ACCOUNT GROUPS*

The District maintains two account groups as described below:

*General Fixed Assets Account Group* - used to account for fixed assets acquired principally for general purposes other than those accounted for in proprietary or trust funds.

*General Long-term Debt Account Group* - used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

### (B) *CASH AND INVESTMENTS*

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2002, investments were limited to STAR Ohio and repurchase agreements. Investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements and non-negotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2002. 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 share price which is the price the investment could be sold for on June 30, 2002.

Interest earned on investments is credited to the respective fund, except as stipulated by state

statute or Board Resolution. Interest income earned in fiscal year 2002 totaled \$87,206.

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and at the day of purchase, they have a maturity date no longer than three months.

(C) *RESTRICTED ASSETS*

Restricted assets in the general fund represent cash and cash equivalents which is reserved for the refund from Bureau of Workers' Compensation and the required textbook set-aside amount. Fund balance reserves have also been established.

(D) *RECEIVABLES*

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

(E) *INVENTORIES AND SUPPLIES*

The costs of inventory items are recognized as expenditures when purchased in the governmental funds and recognized as expenses when used in the enterprise funds. For all funds, cost is determined on a first-in, first-out basis.

Reported inventories in the governmental fund types are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

(F) *PREPAID EXPENSES*

The District uses the consumption method to account for prepaid expenses. Under the consumption method the prepaid items are recorded as an expenditure when used.

(G) *FIXED ASSETS AND DEPRECIATION*

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The District does not possess any infrastructure.

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: buildings, 30 to 50 years; improvements, 30 to 50 years; equipment, including vehicles, 5 to 20 years.

(H) *LONG-TERM LIABILITIES*

Unmatured general long-term liabilities, which are related to governmental fund type operations, are reflected in the general long-term debt account group.

(I) *UNPAID COMPENSATED ABSENCES*

The entire estimated amount of unpaid compensated absences, including sick pay and vacation pay, of the proprietary type funds is reflected as a liability in the respective funds. The portion of unpaid compensated absences related to governmental fund type operations is reflected in the general long-term debt account group.

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

(J) *FUND EQUITY*

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations.

(K) *TOTAL COLUMNS*

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 – FUND DEFICIT**

The Food Services and Latchkey funds have deficit retained earnings of \$20,662 and \$1,910, respectively. These deficits were due to the conversion of cash to accrual.

**NOTE 4 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

(A) *BUDGETARY PROCESS*

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

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

(B) *BUDGETARY BASIS*

*Tax Budget*

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

*Estimated Resources*

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying “Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Funds” do not include July 1, 2002 unencumbered fund balances. However, those fund balances are available for appropriations.



### *Appropriations*

A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund, function level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Funds" represent the final appropriation amounts including all amendments and modifications.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective funds from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

### *Encumbrances*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the Non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent-year expenditures.

### *Budgetary Reporting*

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

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT  
*Notes to the General Purpose Financial Statements*  
 June 30, 2002

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

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)  
 Reconciliation of Budget Basis to GAAP Basis

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Fund	Expendable Trust Fund
Budget Basis	\$ 405,258	\$ 70,119	\$ 0	\$ 29,942	\$ 0
Adjustments, increase (decrease)					
Revenue Accruals	(249,766)	(123,052)	0	0	0
Expenditure Accruals	(161,405)	121,180	0	479	0
Encumbrances	259,238	37,406	0	0	0
GAAP Basis	<u>\$ 253,325</u>	<u>\$ 105,653</u>	<u>\$ 0</u>	<u>\$ 30,421</u>	<u>\$ 0</u>

*(C) COMPLIANCE AND ACCOUNTABILITY*

Total expenditures of the General Fund exceeded appropriations.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

The Wellington Exempted Village School District maintains a cash and investment pool used by various funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents."

A. LEGAL REQUIREMENTS

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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Interim monies can 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 issuance's of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily with the term of the agreement not exceeding thirty days;
- (4) Bonds and other obligations of the State of Ohio;

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the General Purpose Financial Statements*

June 30, 2002

---

- (5) No load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (6) The State Treasurer's investments pool (STAR Ohio);
- (7) Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred and eighty days 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 instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**B. DEPOSITS AND CASH**

At fiscal year-end, the carrying amount of the District's deposits was \$1,853,763 and the bank balance was \$1,914,655. Federal depository insurance covers up to \$100,000 of the bank balance.

**C. INVESTMENTS**

GASB Statement No. 3 "Deposits with Financial Institutions, Investors (including Repurchase Agreements), and Reverse Repurchase Agreements" requires the School District to categorize investments to give an indication of the level of risk assumed by the School District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The carrying value of deposits and investments are presented in the combined balance sheet as equity in pooled cash and cash equivalents. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT  
*Notes to the General Purpose Financial Statements*  
 June 30, 2002

	Category			Carrying Value	Fair Value
	1	2	3		
Repurchase Agreement	\$ 0	\$ 0	\$ 575,000	\$ 575,000	\$ 575,000
STAR Ohio				1,818,264	1,818,264
Totals				\$ 2,393,264	\$ 2,393,264

**NOTE 6- INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2002 consist of the following fund receivables and payables:

	Receivable	Payable
General Fund	\$ 15,354	\$ 0
Special Revenue Fund	0	(15,354)
	\$ 15,354	\$ (15,354)

The following is a summarized breakdown of the District's operating transfers for fiscal year 2002:

	Transfers In	Transfers Out
General Fund	\$ 5,598	\$ (35,169)
Special Revenue	16,530	(8,298)
Enterprise Fund	24,453	0
Agency Funds	10,764	(13,878)
Total	\$ 57,345	\$ (57,345)

**NOTE 7 - FIXED ASSETS AND ACCUMULATED DEPRECIATION**

(A) *GENERAL FIXED ASSETS ACCOUNT GROUP*

The changes in general fixed assets during the year consisted of:

	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
Land and improvements	\$ 446,756	\$ 10,500	\$ 0	\$ 457,256
Buildings	6,038,957	54,039	0	6,092,996
Furniture and Equipment	3,609,545	269,888	53,535	3,825,898
Vehicles	637,187	108,310	2,200	743,297
	\$ 10,732,445	\$ 442,737	\$ 55,735	\$ 11,119,447

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT  
*Notes to the General Purpose Financial Statements*  
 June 30, 2002

(B) *PROPRIETARY FUND TYPE FIXED ASSETS*

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

	Balance			Current	Balance
	June 30, 2001	Additions	Deletions	Depreciation	June 30, 2002
Furniture and Equipment	\$ 236,353	\$ 0	\$ 0	\$ 0	\$ 236,353
Accumulated Depreciation	228,031	0	0	5,000	233,031
Net Fixed Assets	<u>\$ 8,322</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$ 3,322</u>

**NOTE 8 - GENERAL LONG TERM OBLIGATIONS**

	Outstanding			Outstanding
	June 30, 2001	Additions	Deletions	June 30, 2002
Capital lease payable, 5% interest rate, due July, 2003	\$ 332,918	\$ 0	\$ 114,027	\$ 218,891
Early Retirement Incentive	38,834	0	30,001	8,833
Accrued Vacations	29,050	28,190	29,050	28,190
Accrued Sick Leave Benefits	539,383	83,063	0	622,446
Accrued SERS/STRS	59,992	62,328	59,992	62,328
	<u>\$ 1,000,177</u>	<u>\$ 173,581</u>	<u>\$ 233,070</u>	<u>\$ 940,688</u>

**NOTE 9 – CAPITAL LEASE**

The District has entered into a capitalized lease for equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards 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 are reflected as debt service expenditures in the combined financial statements for the governmental funds.

The general fixed assets, consisting of equipment, has been capitalized in the general fixed assets account group in the amount of \$610,000. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT  
*Notes to the General Purpose Financial Statements*  
 June 30, 2002

---

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of June 30, 2002:

Year ending June 30, 2003	\$ 118,452
June 30, 2004	<u>115,692</u>
Minimum lease payments	234,144
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>15,253</u>
Present value of minimum lease payments	<u>\$ 218,891</u>

**NOTE 10 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Lorain and Huron County Auditors are responsible for assessing and remitting these property taxes to the District.

Real property taxes are based on assessed value equal to thirty-five percent of appraisal value. The Lorain and Huron County Auditors reappraise real property every six years with a triennial update, which last update was completed for tax year 2000 for Lorain and Huron Counties. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, in Lorain and Huron Counties, real property taxes are billed semi-annually, one year in arrears. The tax rate applied to real property collected in 2002 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$28.00 per \$1,000 of valuation for Lorain and Huron County, respectively. The effective rate applied after adjustment for inflationary increases in property values was \$20.00 per \$1,000 of assessed valuation for residential and agricultural real property, and \$22.62 and per \$1,000 of assessed valuation for other real property for Lorain County. The effective rate applied after adjustment for inflationary increases in property values was \$20.00 per \$1,000 of assessed valuation for residential and agricultural real property, and \$22.62 and per \$1,000 of assessed valuation for other real property for Huron County.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 2001 was \$28.00 per \$1,000 of valuation for Lorain and Huron County.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT  
*Notes to the General Purpose Financial Statements*  
 June 30, 2002

The property valuation consisted of:

	<u>Lorain County</u>	<u>Huron County</u>
Real Property - 2001 Valuation		
Residential/Agricultural	\$ 105,630,510	\$ 3,862,750
Commercial/Industrial/Minerals	18,195,760	76,270
Public Utilities	83,740	1,040
Tangible Personal Property - 2002 Valuation		
General	19,267,690	40,980
Public Utilities	<u>8,032,190</u>	<u>94,350</u>
Total Valuation	<u>\$ 151,209,890</u>	<u>\$ 4,075,390</u>

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amount available to the District as an advance at June 30, 2002, was \$467,064, from Lorain County and \$7,728 from Huron County.

**NOTE 11 - PENSION PLANS**

(A) *SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)*

The Wellington Exempted Village School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple-employer public employee retirement defined benefit pension plan. SERS provides retirement, annual cost-of-living adjustments, disability, survivor, and health care benefits. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614)222-5853.

Plan members are required to contribute 9% of their annual covered salary and Wellington Exempted Village School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Wellington Exempted Village School District are established and may be amended by the SERS Board of Trustees. The District's contributions to SERS for the years ending June 30, 2002, 2001 and 2000 were \$183,480, \$167,352, and \$145,098, respectively; 49 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. The amount representing the unpaid contribution for fiscal year 2002, \$93,492 is recorded as a liability within the respective funds and the general long-term obligations account group.



(B) *STATE TEACHERS RETIREMENT SYSTEM (STRS)*

The Wellington Exempted Village School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple-employer public employee retirement defined benefit pension plan operated by the State of Ohio. STRS provides retirement, annual cost-of-living adjustments, disability, survivor, and health care benefits. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9.3% of their annual covered salary and Wellington Exempted Village School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Wellington Exempted Village School District are established and may be amended by the STRS Board of Trustees. The Wellington Exempted Village School District plan members contribute 9.3% of their annual covered salary, while the District's contribution represents 14%. The School District's contributions to STRS for the years ending June 30, 2002, 2001, and 2000 were \$681,396, \$653,484, and \$652,332, respectively; 82 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The amount representing the unpaid contribution for fiscal year 2002, \$118,724 is recorded as a liability within the respective funds.

**NOTE 12 – POST-EMPLOYMENT BENEFITS**

(A) *SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)*

The Ohio Revised Code gives SERS the discretionary authority to provide post-retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service, credit, disability, and survivor benefit recipients.

Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2001, (the latest information available) the allocation rate was 9.8%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2001, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis.

The target level for the health care reserve is 150% of annual healthcare expenses. Expenses for healthcare at June 30, 2001 were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, the Retirement System's net assets available for payment of health care benefits was \$315.7 million, at cost. The number of participants currently receiving health care benefits is approximately 50,000. The portion of employer contributions that were used to fund postemployment benefits was \$128,436.

(B) *STATE TEACHERS RETIREMENT SYSTEM (STRS)*

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

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

The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$3.256 billion on June 30, 2001, (the latest information available). For the year ended June 30, 2001, the net health care costs paid by STRS were \$300,772,000. There were 102,132 eligible benefit recipients.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT  
*Notes to the General Purpose Financial Statements*  
 June 30, 2002

**NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The District maintains enterprise funds to account for the operation of school food service, uniform school supplies, community education, and latchkey services. Segment information related to these follows:

	Food Services	Latchkey	Uniform Supplies	Community Education	Total
Operating Revenues	\$ 286,554	\$ 3,365	\$ 75,757	\$ 0	\$ 365,676
Operating Expenses:					
Salaries and wages	170,888	22,683	0	0	193,571
Fringe benefits	89,872	11,428	0	0	101,300
Purchased services	11,243	0	0	0	11,243
Materials and supplies	173,450	5,558	67,927	(77)	246,858
Depreciation	5,000	0	0	0	5,000
Maintenance	12,636	0	0	0	12,636
Other operating expenses	1,469	68	0	0	1,537
Total operating expenses	<u>464,558</u>	<u>39,737</u>	<u>67,927</u>	<u>(77)</u>	<u>572,145</u>
Operating income (loss)	(178,004)	(36,372)	7,830	77	(206,469)
Non-operating revenues, net	<u>120,668</u>	<u>34,171</u>	<u>0</u>	<u>0</u>	<u>154,839</u>
Income (loss) before transfers	(57,336)	(2,201)	7,830	77	(51,630)
Operating transfers in	16,258	0	8,195	0	24,453
Operating transfers out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net income (loss)	<u>\$ (41,078)</u>	<u>\$ (2,201)</u>	<u>\$ 16,025</u>	<u>\$ 77</u>	<u>\$ (27,177)</u>
Other information:					
Net working capital	<u>\$ (23,984)</u>	<u>\$ (1,910)</u>	<u>\$ 19,373</u>	<u>\$ 0</u>	<u>\$ (6,521)</u>
Fixed assets, net	<u>\$ 3,322</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,322</u>
Total assets	<u>\$ 31,480</u>	<u>\$ 530</u>	<u>\$ 19,373</u>	<u>\$ 0</u>	<u>\$ 51,383</u>
Total equity (deficit)	<u>\$ (20,662)</u>	<u>\$ (1,910)</u>	<u>\$ 19,373</u>	<u>\$ 0</u>	<u>\$ (3,199)</u>

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of 30 school districts. 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 for member districts. Each of the governments of these districts supports LEECA based upon on per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LERC assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the General Purpose Financial Statements*

June 30, 2002

---

committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Lorain County Board of Education, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2002, the District paid approximately \$15,343 to LEECA for basic service charges.

**NOTE 15 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has a comprehensive property and casualty policy with Utica National Insurance Company. The deductible is \$500 per incident on property and \$500 per incident on equipment. All vehicles are also insured with Nationwide Insurance Company and have a \$250 deductible. All board members, administrators, and employees are covered under a school district liability policy with Nationwide Insurance Company. The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 per aggregate. The board president and superintendent have a \$20,000 position bond with Nationwide Mutual Insurance Company.

There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

The treasurer is covered under a surety bond in the amount of \$20,000. This bond is provided by the Nationwide Mutual Insurance Company.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Board Association Group Rating System. This rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts.

**NOTE 16 - OTHER MATTERS**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT  
*Notes to the General Purpose Financial Statements*  
 June 30, 2002

determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**NOTE 17 - STATUTORY RESERVES**

Substitute House Bill 412, as amended, required the District to “set aside” certain percentages of defined revenues for (1) textbook and instructional materials purchases, and (2) capital and maintenance expenditures. As of April 10, 2001, any money on hand in a School District’s budget reserve set-aside account may at the discretion of the Board be returned to the District’s general fund or may be left in the account and used by the Board to offset any budget deficit the District may experience in future years. The amendment places special conditions on any refunds or rebates from the Bureau of Workers’ Compensation. These monies are to be used to offset a budget deficit for school facility construction, renovation or repair, for the textbooks or instructional materials; for purchase of school buses; or for teachers’ professional development. Wellington Exempted Village School District decided to transfer the funds back into the General Fund, except for the restricted Bureau of Workers’ Compensation refund. It also required five year budget projections, amended the fiscal watch and fiscal emergency statutes, created a school district solvency fund, and amended “spending reserve” provisions. During the fiscal year June 30, 2002, the reserve activity (GAAP-Basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Reserve	Total
Set-Aside Cash Balance as of June 30, 2001	\$ 0	\$ 0	\$ 36,125	\$ 36,125
Set-Aside Carryover Balance as of June 30, 2001	(6,367)	0	0	(6,367)
Current Year Set-Aside Requirement	186,859	186,859	0	373,718
Qualifying Disbursements	<u>(168,490)</u>	<u>(187,948)</u>	<u>0</u>	<u>(356,438)</u>
Total	<u>\$ 12,002</u>	<u>\$ (1,089)</u>	<u>\$ 36,125</u>	<u>\$ 47,038</u>
Cash Balance Carried Forward FY @2002	<u>\$ 12,002</u>	<u>\$ 0</u>	<u>\$ 36,125</u>	
Amount Restricted for Set-Asides				<u>\$ 48,127</u>
Total Restricted Assets				<u>\$ 48,127</u>

**NOTE 18 – COMMITMENT AND CONTINGENCY**

The District has settled a lawsuit and is required to pay \$163,559 in damages. The contingency liability has been posted to the District’s financial statements.

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

August 30, 2002

The Board of Education  
Wellington Exempted Village School District  
Wellington, Ohio 44090

## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the general purpose financial statements of Wellington Exempted Village School District as of and for the year ended June 30, 2002, and have issued our report thereon August 30, 2002. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether Wellington Exempted Village School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Wellington Exempted Village School District in a separate letter August 30, 2002.

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

In planning and performing our audit, we considered Wellington Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design of operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Wellington Exempted Village School District in a separate letter August 30, 2002.

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

*Rea & Associates, Inc.*

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

August 30, 2002

The Board of Education  
Wellington Exempted Village School District  
Wellington, Ohio 44090

## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

### **Compliance**

We have audited the compliance of Wellington Exempted Village School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. Wellington Exempted Village School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Wellington Exempted Village School District's management. Our responsibility is to express an opinion on Wellington Exempted Village School District's compliance based on our audit.

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

In our opinion, Wellington Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.



**Internal Control Over Compliance**

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

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

**Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis**

We have audited the general purpose financial statements of Wellington Exempted Village School District as of and for the year ended June 30, 2002, and have issued our report thereon August 30, 2002. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements of Wellington Exempted Village School District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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

*Rea & Associates, Inc.*

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - NON-GAAP BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Program Amount	Federal Receipts	Federal Disbursements	Non-Cash Disbursements
<b>U. S. Department of Education</b>						
(Passed Through State Department of Education):						
Title 1	84.010	C1-S1-02	149,144	146,172	123,962	0
Title 1	84.010	C1-S1-01	149,232	<u>120,878</u>	<u>46,611</u>	<u>0</u>
<i>* Total Title 1</i>				267,050	170,573	0
Title VI-B	84.027	6B-SF-02P	109,680	108,210	70,237	0
Title VI-B	84.027	6B-SF-01P	92,235	<u>64,564</u>	<u>38,452</u>	<u>0</u>
<i>Total Title VI-B</i>				172,774	108,689	0
Title VI	84.298	C2-S1-02	7,881	2,285	4,419	0
Title VI	84.298	C2-S1-01	7,826	6,417	3,540	0
Title VI	84.298	C2-S1-00	7,547	<u>5,283</u>	<u>0</u>	<u>0</u>
<i>Total Title VI</i>				13,985	7,959	0
Eisenhower Grant	84.281	MS-S1-02	6,777	6,850	0	0
Eisenhower Grant	84.281	MS-S1-01	6,099	0	0	0
Eisenhower Grant	84.281	MS-S1-00	6,248	<u>4,374</u>	<u>0</u>	<u>0</u>
<i>Total Eisenhower Grant</i>				11,224	0	0
Drug Free Schools	84.186	DR-S1-02	5,981	5,981	4,981	0
Drug Free Schools	84.186	DR-S1-01	6,557	4,590	(3,922)	0
Drug Free Schools	84.186	DR-S1-00	6,728	<u>4,710</u>	<u>1,055</u>	<u>0</u>
<i>Total Drug Free Schools</i>				15,281	2,114	0
Goals 2000 (Continuous Improvement)	84.276	G2-S2-01	13,000	0	512	0
Goals 2000 (Continuous Improvmt Implemt)	84.276	G2-S2-00	14,000	<u>0</u>	<u>1,000</u>	<u>0</u>
<i>Total Goals 2000</i>				0	1,512	0
Class Reduction Grant	84.340	CR-S1-02	37,972	38,010	30,735	0
Class Reduction Grant	84.340	CR-S1-01	30,128	21,090	24,619	0
Class Reduction Grant	84.340	CR-S1-00	27,938	<u>19,557</u>	<u>26,120</u>	<u>0</u>
<i>Total Class Reduction Grant</i>				78,657	81,474	0
<b>Total U.S. Department of Education</b>				<u>558,971</u>	<u>372,321</u>	<u>0</u>
<b>U.S. Department of Health &amp; Human Services</b>						
(Passed Through Ohio Department of MRDD):						
Medical Assistance Program/CAFS	93.778			<u>18,190</u>	<u>18,190</u>	<u>0</u>
<b>Total U.S. Department of Health &amp; Human Services</b>				<u>18,190</u>	<u>18,190</u>	<u>0</u>
<b>U. S. Department of Agriculture</b>						
(Passed Through State Department of Education):						
Nutrition Cluster:						
Food Distribution Program (A)	10.550			31,850	0	33,980
National School Lunch Program (B)	10.555			<u>104,300</u>	<u>104,300</u>	<u>0</u>
<b>Total U.S. Department of Agriculture: Nutrition Cluster</b>				<u>136,150</u>	<u>104,300</u>	<u>33,980</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				\$ <u>713,311</u>	\$ <u>494,811</u>	\$ <u>33,980</u>

(\*) Denotes a major program.

(A) Government commodities are reported at the fair market value of the commodities received and disbursed.

(B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 , SECTION .505  
JUNE 30, 2002**

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

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non- compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Title I, CFDA #84.010
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

None noted

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

None noted





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 3, 2002**