



Mary Taylor, CPA  
Auditor of State



**WEATHERSFIELD LOCAL SCHOOL DISTRICT**  
Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007  
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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Weathersfield Local School District  
Trumbull County  
3750 North Main Street  
Mineral Ridge, Ohio 44440-9535

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 Weathersfield Local School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2007, 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 Weathersfield Local School District, Trumbull County, Ohio, as of June 30, 2007, and the respective changes in financial position 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 March 27, 2008 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Weathersfield Local School District  
Trumbull County  
Independent Accountants' Report  
Page 2

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Mary Taylor, CPA**  
Auditor of State

March 27, 2008

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

The management's discussion and analysis of the Weathersfield 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, 2007. 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 2007 are as follows:

- In total, net assets of governmental activities increased \$29,101 which represents a 0.80% increase from 2006.
- General revenues accounted for \$7,300,190 in revenue or 74.68% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,475,682 or 25.32% of total revenues of \$9,775,872.
- The District had \$9,746,771 in expenses related to governmental activities; \$2,475,682 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 \$7,300,190 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$8,871,616 in revenues and \$8,373,338 in expenditures and other financing uses. During fiscal year 2007, the general fund's fund balance increased \$498,278 from \$1,339,896 to \$1,838,174.

**Using these 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 is by far the most significant fund, and the only governmental fund reported as a major fund.

**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 2007?" 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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

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 and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 14-15 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental fund begins on page 10. 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 only major governmental fund is the general 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 16-19 of this report.

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

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 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.

***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 22-46 of this report.



**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

**The District as a Whole**

Recall that 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 2007 and 2006.

	<b>Net Assets</b>	
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 7,203,356	\$ 7,018,999
Capital assets	<u>4,794,451</u>	<u>5,038,037</u>
Total assets	<u>11,997,807</u>	<u>12,057,036</u>
<b><u>Liabilities</u></b>		
Current liabilities	4,722,467	4,675,970
Long-term liabilities	<u>3,624,006</u>	<u>3,758,833</u>
Total liabilities	<u>8,346,473</u>	<u>8,434,803</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	1,770,063	1,804,099
Restricted	334,209	359,373
Unrestricted	<u>1,547,062</u>	<u>1,458,761</u>
Total net assets	<u>\$ 3,651,334</u>	<u>\$ 3,622,233</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$3,651,334. Of this total, \$334,209 is restricted in use.

At year-end, capital assets represented 39.96% 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, 2007, were \$1,770,063. 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.

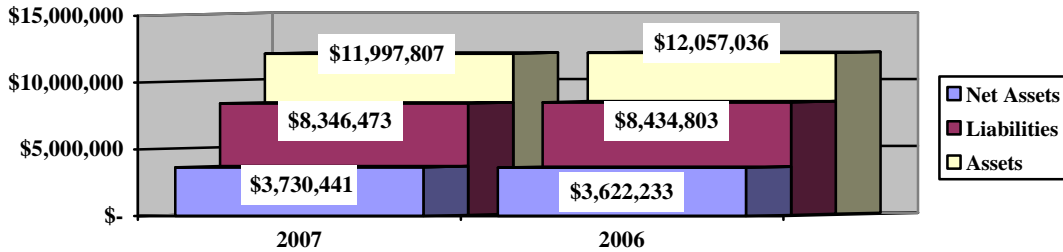
A portion of the District's net assets, \$334,209, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,547,062 may be used to meet the District's ongoing obligations to the students and creditors.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

The graph below presents the District's assets, liabilities and net assets for fiscal years 2007 and 2006.

**Governmental Activities**



The table below shows the change in net assets for fiscal year 2007 and 2006.

**Change in Net Assets**

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,465,010	\$ 1,337,740
Operating grants and contributions	928,475	747,585
Capital grants and contributions	82,197	73,111
General revenues:		
Property taxes	3,505,404	4,599,591
Grants and entitlements	3,664,370	3,513,709
Investment earnings	111,805	68,948
Other	<u>18,611</u>	<u>105,699</u>
Total revenues	<u>9,775,872</u>	<u>10,446,383</u>

Property tax revenue decreased \$1,094,187 from the prior fiscal year. In the prior fiscal year, the District had a large amount of delinquent property taxes receivable. A portion of the receivable was settled for much less than the actual delinquent amount. This resulted in the decrease in property tax revenue.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

**Change in Net Assets**

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,139,986	\$ 4,003,121
Special	992,769	975,059
Other	343,338	331,202
Support services:		
Pupil	375,750	344,033
Instructional staff	199,348	191,370
Board of education	14,661	15,288
Administration	787,931	724,406
Fiscal	283,844	300,236
Business	12,477	9,335
Operations and maintenance	1,343,737	1,215,732
Pupil transportation	393,036	411,535
Central	9,000	9,000
Food service operations	325,747	382,531
Operations of non-instructional services	349	3,765
Extracurricular activities	409,043	396,236
Interest and fiscal charges	<u>115,755</u>	<u>143,370</u>
Total expenses	<u>9,746,771</u>	<u>9,456,219</u>
Change in net assets	29,101	990,164
Net assets at beginning of year	<u>3,622,233</u>	<u>2,632,069</u>
Net assets at end of year	<u>\$ 3,651,334</u>	<u>\$ 3,622,233</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$29,101. Total governmental expenses of \$9,746,771 were offset by program revenues of \$2,475,682 and general revenues of \$7,300,190. Program revenues supported 25.40% 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 73.34% of total governmental revenue.

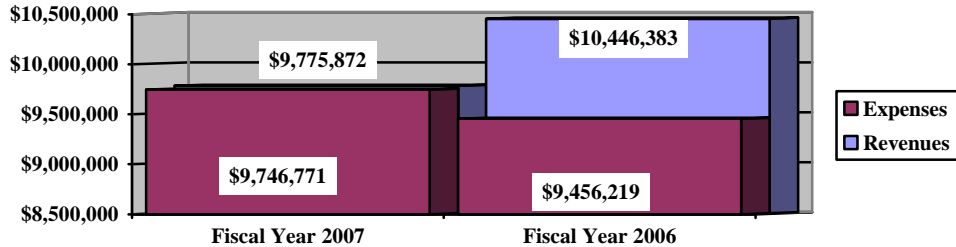
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,476,093 or 56.18% of total governmental expenses for fiscal 2007.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2007 and 2006.

**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**

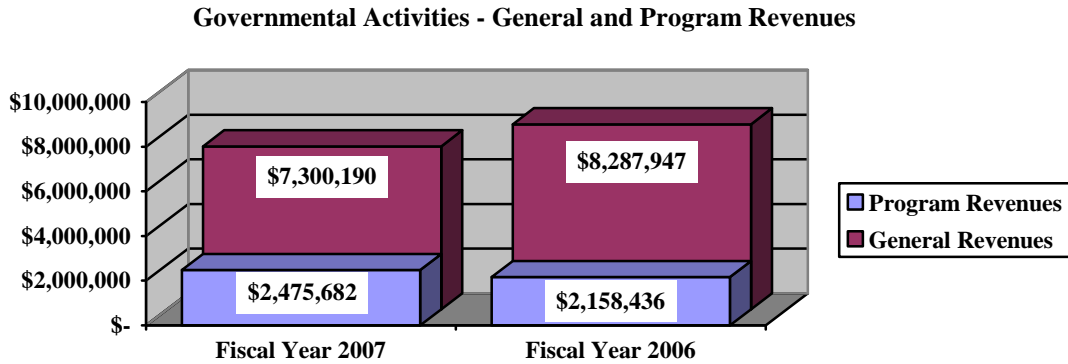
	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,139,986	\$ 2,980,648	\$ 4,003,121	\$ 2,934,659
Special	992,769	277,400	975,059	524,435
Other	343,338	339,453	331,202	331,202
Support services:				
Pupil	375,750	332,171	344,033	326,759
Instructional staff	199,348	195,668	191,370	178,830
Board of education	14,661	14,661	15,288	15,288
Administration	787,931	776,144	724,406	579,978
Fiscal	283,844	283,844	300,236	300,236
Business	12,477	12,477	9,335	9,335
Operations and maintenance	1,343,737	1,250,305	1,215,732	1,142,621
Pupil transportation	393,036	377,128	411,535	385,272
Central	9,000	-	9,000	-
Food service operations	325,747	(6,473)	382,531	37,669
Operations of non-instructional services	349	349	3,765	3,765
Extracurricular activities	409,043	321,559	396,236	384,364
Interest and fiscal charges	115,755	115,755	143,370	143,370
<b>Total expenses</b>	<u>\$ 9,746,771</u>	<u>\$ 7,271,089</u>	<u>\$ 9,456,219</u>	<u>\$ 7,297,783</u>

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, 65.69% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 74.60%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2007 and 2006.



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$2,190,710, which is higher than last year's balance of \$1,697,722. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	Fund Balance <u>June 30, 2007</u>	Fund Balance <u>June 30, 2006</u>	Increase (Decrease)	Percentage <u>Change</u>
General	\$ 1,838,174	\$ 1,339,896	\$ 498,278	37.19 %
Other Governmental	<u>352,536</u>	<u>357,826</u>	<u>(5,290)</u>	(1.48) %
Total	<u>\$ 2,190,710</u>	<u>\$ 1,697,722</u>	<u>\$ 492,988</u>	29.04 %

**General Fund**

The District's general fund balance increased \$498,278. The increase in fund balance can be attributed to several items related to increasing revenues outpacing increased expenditures. Revenues exceed expenditures for fiscal year 2007 by \$573,396.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,751,082	\$ 4,045,177	\$ (294,095)	(7.27) %
Tuition	1,141,347	981,862	159,485	16.24 %
Earnings on investments	111,805	68,514	43,291	63.19 %
Intergovernmental	3,863,825	3,482,362	381,463	10.95 %
Other revenues	<u>3,557</u>	<u>103,717</u>	<u>(100,160)</u>	(96.57) %
Total	<u>\$ 8,871,616</u>	<u>\$ 8,681,632</u>	<u>\$ 189,984</u>	2.19 %
<b><u>Expenditures</u></b>				
Instruction	\$ 4,737,213	\$ 4,500,219	\$ 236,994	5.27 %
Support services	3,192,708	3,068,539	124,169	4.05 %
Non-instructional services	349	300	49	16.33 %
Extracurricular activities	243,291	222,170	21,121	9.51 %
Facilities acquisition and construction	21,919	1,704	20,215	1,186.33 %
Debt service	<u>102,740</u>	<u>102,565</u>	<u>175</u>	0.17 %
Total	<u>\$ 8,298,220</u>	<u>\$ 7,895,497</u>	<u>\$ 402,723</u>	5.10 %

Tuition increased \$159,485 or 16.24% from the prior year. This increase is due to increased enrollment. Other revenues decreased \$100,160 or 96.57% from the prior year. This decrease is due to a decrease in revenues from local sources. Earnings on investments increased \$43,291 or 63.19% from the prior year. This increase is due to rising interest rates. Taxes revenue decreased \$294,095 or 7.27% from the prior year. This decrease is due to the District receiving less in personal property taxes. The increase in intergovernmental revenues of \$381,463 or 10.95% can be attributed to the District receiving the personal property tax reimbursement from the State. Instruction and support services expenditures increased due to increased wages and employee benefit costs. All other revenues and expenditures remained comparable to 2006.

***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 2007, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,754,048. Final budgeted revenues and other financing sources were \$9,089,585. Actual revenues and other financing sources were \$9,032,083, which was \$57,502 less than the final budget.

General fund original appropriations (appropriated expenditures including other financing uses) of \$8,243,969 were increased to \$8,496,662 in the final budget appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2007 were the same as the final budget appropriations.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2007, the District had \$4,794,451 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 2007 balances compared to 2006:

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

	Governmental Activities	
	2007	2006
Land	\$ 60,088	\$ 60,088
Land improvements	392,051	419,017
Building and improvements	3,350,903	3,501,807
Furniture and equipment	878,150	913,477
Vehicles	113,259	143,648
Total	\$ 4,794,451	\$ 5,038,037

The overall decrease in capital assets of \$243,586 is due to depreciation expense of \$353,208 exceeding capital outlays of \$112,432 and disposals of \$71,627 exceeding the accumulated depreciation on the disposals of \$68,817 in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

At June 30, 2007, the District had \$1,464,388 in lease purchase agreements and \$1,560,000 in general obligation bonds outstanding. Of this total, \$214,050 is due within one year and \$2,810,338 is due within greater than one year. The following table summarizes the lease purchase agreements and bonds outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2007	2006
Lease purchase agreements	\$ 1,464,388	\$ 1,578,938
General obligation bonds	1,560,000	1,655,000
Total	\$ 3,024,388	\$ 3,233,938

At June 30, 2007, the District's overall legal debt margin was \$5,840,595, and an unvoted debt margin of \$80,419.

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

**Current Financial Related Activities**

The District has two emergency levies. The first one voted in 2004 expires in tax year 2008 – collection year 2009. This levy generates approximately \$538,168 per year. The second emergency levy was voted in 2005 and expires in tax year 2009 – collection year 2010. The second emergency levy generates approximately \$418,128 per year. The District can go on the ballot to renew one or perhaps both levies as soon as March 2008. If both levies are put on the ballot in March 2008, then the levies will be combined as one. If the District decides to put the levies on different ballots, the earliest the second emergency levy can go on the ballot is May 2009. The District is currently discussing all options.

In November 2007, three board members will be elected to a four year term. Two candidates are incumbents. The Ohio School Facility Commission has contacted the District to inform us that we could be eligible for funding for new buildings in as soon as twelve months. With all of these issues facing the District, the next year will be faced with very time consuming and thought provoking decisions.

The RMI settlement has been reached and the District's portion of repayment totaled \$206,309. This repayment was deducted from the October 2007 personal property settlement. In 2011, the hold harmless payment, as well as tax collection, will end, which will result in a projected fiscal year end loss. The District is aware of all factors and is currently studying all options

**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. If you have questions about this report or need additional financial information contact Ms. Laurena Rouan, Treasurer, Weathersfield Local School District, 3750 N. Main Street, Mineral Ridge, Ohio 44440.



**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2007

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 3,065,687
Receivables:	
Taxes . . . . .	4,015,249
Accounts . . . . .	65
Intergovernmental . . . . .	77,249
Accrued interest . . . . .	446
Prepayments . . . . .	33,865
Materials and supplies inventory . . . . .	10,795
Capital assets:	
Land . . . . .	60,088
Depreciable capital assets, net . . . . .	4,734,363
Capital assets, net. . . . .	<u>4,794,451</u>
 Total assets. . . . .	 <u>11,997,807</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	23,804
Accrued wages and benefits . . . . .	655,578
Pension obligation payable. . . . .	185,369
Intergovernmental payable . . . . .	118,959
Accrued interest payable . . . . .	21,733
Unearned revenue . . . . .	3,717,024
Long-term liabilities:	
Due within one year. . . . .	270,945
Due within more than one year . . . . .	3,353,061
Total liabilities . . . . .	<u>8,346,473</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	1,770,063
Restricted for:	
Capital projects . . . . .	26,696
Debt service. . . . .	227,285
Locally funded programs . . . . .	78
State funded programs. . . . .	26,404
Federally funded programs. . . . .	87
Student activities. . . . .	53,659
Unrestricted . . . . .	<u>1,547,062</u>
Total net assets . . . . .	<u><u>\$ 3,651,334</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 4,139,986	\$ 1,073,870	\$ 78,990	\$ 6,478	\$ (2,980,648)
Special . . . . .	992,769	100,436	614,933	-	(277,400)
Other . . . . .	343,338	-	3,885	-	(339,453)
Support services:					
Pupil. . . . .	375,750	3,971	39,608	-	(332,171)
Instructional staff . . . . .	199,348	-	3,680	-	(195,668)
Board of education . . . . .	14,661	-	-	-	(14,661)
Administration. . . . .	787,931	6,787	5,000	-	(776,144)
Fiscal. . . . .	283,844	-	-	-	(283,844)
Business. . . . .	12,477	-	-	-	(12,477)
Operations and maintenance . . . . .	1,343,737	23,230	-	70,202	(1,250,305)
Pupil transportation. . . . .	393,036	-	10,391	5,517	(377,128)
Central . . . . .	9,000	-	9,000	-	-
Operation of non-instructional services:					
Food service operations . . . . .	325,747	169,232	162,988	-	6,473
Other non-instructional services . . . . .	349	-	-	-	(349)
Extracurricular activities. . . . .	409,043	87,484	-	-	(321,559)
Interest and fiscal charges . . . . .	115,755	-	-	-	(115,755)
<b>Total governmental activities . . . . .</b>	<b>\$ 9,746,771</b>	<b>\$ 1,465,010</b>	<b>\$ 928,475</b>	<b>\$ 82,197</b>	<b>(7,271,089)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	3,361,451
Debt service. . . . .	143,953
Grants and entitlements not restricted	
to specific programs. . . . .	3,664,370
Investment earnings . . . . .	111,805
Miscellaneous . . . . .	18,611
<b>Total general revenues. . . . .</b>	<b>7,300,190</b>
Change in net assets . . . . .	29,101
<b>Net assets at beginning of year . . . . .</b>	<b>3,622,233</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 3,651,334</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 2,623,641	\$ 442,046	\$ 3,065,687
Receivables:			
Taxes . . . . .	3,843,501	171,748	4,015,249
Accounts . . . . .	65	-	65
Intergovernmental . . . . .	-	77,249	77,249
Accrued interest . . . . .	446	-	446
Prepayments . . . . .	33,865	-	33,865
Materials and supplies inventory . . . . .	-	10,795	10,795
Total assets . . . . .	<u>\$ 6,501,518</u>	<u>\$ 701,838</u>	<u>\$ 7,203,356</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 19,643	\$ 4,161	\$ 23,804
Accrued wages and benefits . . . . .	594,259	61,319	655,578
Compensated absences payable . . . . .	3,207	-	3,207
Pension obligation payable . . . . .	166,581	18,788	185,369
Intergovernmental payable . . . . .	48,782	70,177	118,959
Deferred revenue . . . . .	272,840	35,865	308,705
Unearned revenue . . . . .	3,558,032	158,992	3,717,024
Total liabilities . . . . .	<u>4,663,344</u>	<u>349,302</u>	<u>5,012,646</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	92,722	7,710	100,432
Reserved for materials and supplies inventory . . . . .	-	10,795	10,795
Reserved for prepayments . . . . .	33,865	-	33,865
Reserved for property tax unavailable for appropriation . . . . .	12,629	564	13,193
Reserved for debt service . . . . .	-	219,801	219,801
Unreserved, undesignated, reported in:			
General fund . . . . .	1,698,958	-	1,698,958
Special revenue funds . . . . .	-	70,509	70,509
Capital projects funds . . . . .	-	43,157	43,157
Total fund balances . . . . .	<u>1,838,174</u>	<u>352,536</u>	<u>2,190,710</u>
Total liabilities and fund balances . . . . .	<u>\$ 6,501,518</u>	<u>\$ 701,838</u>	<u>\$ 7,203,356</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2007

<b>Total governmental fund balances</b>		\$	2,190,710
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			4,794,451
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	285,032	
Intergovernmental revenue		23,673	
Total			308,705
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(21,733)
Long-term liabilities, including bonds and lease-purchase agreements payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		596,411	
Lease-purchase agreements payable		1,464,388	
General obligation bonds payable		1,560,000	
Total			(3,620,799)
<b>Net assets of governmental activities</b>		\$	3,651,334

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 3,751,082	\$ 159,782	\$ 3,910,864
Tuition. . . . .	1,141,347	-	1,141,347
Charges for services. . . . .	-	169,232	169,232
Earnings on investments. . . . .	111,805	1,151	112,956
Extracurricular. . . . .	-	121,472	121,472
Classroom materials and fees. . . . .	-	32,959	32,959
Other local revenues. . . . .	3,557	85,256	88,813
Intergovernmental - State. . . . .	3,863,825	100,894	3,964,719
Intergovernmental - Federal . . . . .	-	615,297	615,297
Total revenue . . . . .	<u>8,871,616</u>	<u>1,286,043</u>	<u>10,157,659</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	3,871,738	95,292	3,967,030
Special. . . . .	522,137	462,805	984,942
Other. . . . .	343,338	-	343,338
Support services:			
Pupil. . . . .	362,589	11,101	373,690
Instructional staff . . . . .	177,632	13,979	191,611
Board of education . . . . .	14,661	-	14,661
Administration. . . . .	729,137	29,070	758,207
Fiscal . . . . .	272,080	4,698	276,778
Business . . . . .	12,477	-	12,477
Operations and maintenance. . . . .	1,279,240	30,280	1,309,520
Pupil transportation . . . . .	344,892	18,344	363,236
Central. . . . .	-	9,000	9,000
Operation of non-instructional services:			
Food service operations . . . . .	-	334,751	334,751
Other non-instructional services. . . . .	349	-	349
Extracurricular activities. . . . .	243,291	111,114	354,405
Facilities acquisition and construction . . . . .	21,919	-	21,919
Debt service:			
Principal retirement . . . . .	59,000	150,550	209,550
Interest and fiscal charges . . . . .	43,740	95,467	139,207
Total expenditures . . . . .	<u>8,298,220</u>	<u>1,366,451</u>	<u>9,664,671</u>
Excess of revenues over (under) expenditures . . . . .	<u>573,396</u>	<u>(80,408)</u>	<u>492,988</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	75,118	75,118
Transfers (out). . . . .	(75,118)	-	(75,118)
Total other financing sources (uses) . . . . .	<u>(75,118)</u>	<u>75,118</u>	<u>-</u>
Net change in fund balances . . . . .	498,278	(5,290)	492,988
<b>Fund balances at beginning of year. . . . .</b>	<u>1,339,896</u>	<u>357,826</u>	<u>1,697,722</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,838,174</u>	<u>\$ 352,536</u>	<u>\$ 2,190,710</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL 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, 2007

<b>Net change in fund balances - total governmental funds</b>	\$	492,988
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 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.		
Capital outlay	\$ 112,432	
Depreciation expense	(353,208)	
Total		(240,776)
 The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
Capital asset disposals	(71,627)	
Accumulated depreciation on disposals	68,817	
Total		(2,810)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(405,460)	
Intergovernmental	23,673	
Total		(381,787)
 Repayment of bond and lease-purchase agreements principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		209,550
 Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the accrued interest on bonds.		
		23,452
 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.		
		(71,516)
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>29,101</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL 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, 2007

	<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 . . . . .	\$ 3,769,466	\$ 3,913,947	\$ 3,856,524	\$ (57,423)
Tuition. . . . .	1,099,215	1,141,347	1,141,347	-
Earnings on investments. . . . .	107,163	111,270	111,270	-
Other local revenues . . . . .	3,426	3,557	3,557	-
Intergovernmental - State . . . . .	3,721,269	3,863,904	3,863,825	(79)
Total revenue . . . . .	<u>8,700,539</u>	<u>9,034,025</u>	<u>8,976,523</u>	<u>(57,502)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,759,011	3,874,232	3,874,232	-
Special. . . . .	529,108	545,326	545,326	-
Other. . . . .	335,679	345,968	345,968	-
Support services:				
Pupil. . . . .	350,842	361,596	361,596	-
Instructional staff . . . . .	172,699	177,993	177,993	-
Board of education . . . . .	14,353	14,793	14,793	-
Administration. . . . .	712,469	734,308	734,308	-
Fiscal . . . . .	267,529	275,729	275,729	-
Business . . . . .	12,106	12,477	12,477	-
Operations and maintenance. . . . .	1,251,520	1,289,881	1,289,881	-
Pupil transportation . . . . .	411,053	423,653	423,653	-
Operation of non-instructional services:				
Other non-instructional services. . . . .	339	349	349	-
Extracurricular activities. . . . .	231,952	239,062	239,062	-
Facilities acquisition and construction. . . . .	120,952	124,659	124,659	-
Total expenditures . . . . .	<u>8,169,612</u>	<u>8,420,026</u>	<u>8,420,026</u>	<u>-</u>
Excess of revenues over expenditures. . . . .	<u>530,927</u>	<u>613,999</u>	<u>556,497</u>	<u>(57,502)</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure. . . . .	53,509	55,560	55,560	-
Transfers (out) . . . . .	(74,357)	(76,636)	(76,636)	-
Total other financing sources (uses) . . . . .	<u>(20,848)</u>	<u>(21,076)</u>	<u>(21,076)</u>	<u>-</u>
Net change in fund balance . . . . .	510,079	592,923	535,421	(57,502)
<b>Fund balance at beginning of year. . . . .</b>	1,919,847	1,919,847	1,919,847	-
<b>Prior year encumbrances appropriated . . . . .</b>	61,627	61,627	61,627	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,491,553</u>	<u>\$ 2,574,397</u>	<u>\$ 2,516,895</u>	<u>\$ (57,502)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2007

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 11,020
Total assets. . . . .	<u>\$ 11,020</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 346
Due to students . . . . .	<u>10,674</u>
Total liabilities . . . . .	<u>\$ 11,020</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

Weathersfield 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. The District is governed by a locally elected five member Board of Education (the "Board") and provides educational services as mandated by state or federal agencies. The Board controls the District's three instructional/support facilities.

The District ranks as the 489th largest by total enrollment among the 876 public school districts and community schools in the State of Ohio. The District is staffed by 35 non-certificated and 74 certificated personnel to provide services to approximately 981 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 accounting principles generally accepted in the United States of America (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 they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. 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, component units and other organizations that are included to ensure that the basic 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 the District, this includes general operations, foods service, preschool 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. 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). The following organizations are described due to their relationship to the District:

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

*JOINTLY GOVERNED ORGANIZATIONS*

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and a treasurer from each county who must be employed by a participating school district, the fiscal agent or NEOMIN. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

Northeast Ohio Instructional Media Center (NEOIMC)

NEOIMC is a jointly governed organization among 45 school districts. The organization was formed for the purpose of providing quality films and/or other media to support the curricula of the Districts. Each member pays a monthly premium based on use of the media materials. NEOIMC is governed by an advisory committee made up of a member from a parochial school, a Joint Vocational School, one county superintendent from each participating county, one city superintendent, and two local superintendents rotating every two years. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information can be obtained by contacting the treasurer at the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

Northeast Ohio Special Education Regional Resource Center (NEO/SERRC)

NEO/SERRC is a special education service center which selects its own board, adopts its own budget and receives direct federal and state grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. NEO/SERRC is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Information can be obtained by contacting the treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 105 Youngstown, Ohio 44512-7019.

Region 12 Professional Development Center (the "Center")

The Center is a jointly governed organization among the school districts located in Trumbull, Mahoning and Columbiana counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improving instructional programs.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

*PUBLIC ENTITY RISK POOL*

Trumbull County Schools Employee Insurance Benefits Consortium (the "Consortium")

The District participates in the Consortium. The Consortium is a shared risk pool comprised of sixteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

**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.

*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 is the District's major governmental fund:

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.

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities; and (c) for 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 has no trust funds. 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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

**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.

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.

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 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 fiscal year-end.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**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, 2007, but which were levied to finance fiscal year 2008 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 and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue.

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

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances 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. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2007 is as follows:

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

2. By no later than January 20, the board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Certificate of Estimated Resources issued for fiscal year 2007.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2007. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all 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 basic financial statements.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

During fiscal year 2007, investments were limited to a repurchase agreement and a nonnegotiable certificate of deposit.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$111,805, which includes \$16,022 assigned from other funds.

For presentation on the basic 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 are reported as investments.

An analysis of the District's investment account at year-end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market 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. Capital Assets**

General capital 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 in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. 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. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column on the statement of net assets. The District had no interfund loans outstanding at June 30, 2007.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

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 District records a liability for accumulated unused sick leave for classified, certified and administrative employees after fifteen years of service.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2007, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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

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

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



**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

**L. 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, materials and supplies inventory, prepayments, property tax revenue unavailable for appropriation and debt service. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under State statute.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**N. 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.

**O. Estimates**

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

**P. Interfund Activity**

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

**Q. 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 Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2007.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Deficit Fund Balances**

Fund balances at June 30, 2007 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Funds</u>	
Food Service	\$ 4,630
Title I	4,850
Title VI	9
Improving Teacher Quality	3,943
Miscellaneous Federal Grants	8

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

**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 moneys 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;

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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 (State Treasury Asset Reserve of 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.

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. Cash on Hand**

At year-end, the District had \$100 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

**B. Deposits with Financial Institutions**

At June 30, 2007, the carrying amount of all District deposits was \$2,014,059, exclusive of the \$1,062,548 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2007, \$1,922,020 of the District’s bank balance of \$2,024,607 was exposed to custodial risk as discussed below, while \$102,587 was covered by the Federal Deposit Insurance Corporation.

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.

**C. Investments**

As of June 30, 2007, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	Investment Maturities 6 months or <u>less</u>
Repurchase Agreement	\$ 1,062,548	\$ 1,062,548
	<u>\$ 1,062,548</u>	<u>\$ 1,062,548</u>

*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’s \$1,062,548 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment’s counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. 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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

*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, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase Agreement	\$ 1,062,548	100.00%
	<u>\$ 1,062,548</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 2,014,059
Investments	1,062,548
Cash on hand	100
Total	<u>\$ 3,076,707</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 3,065,687
Agency fund	11,020
Total	<u>\$ 3,076,707</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2007, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General Fund	\$ 75,118

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated in the statement of activities.

**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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property is assessed at 18.75% for property including inventory. This percentage will be reduced to 12.5% for 2007, 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Trumbull 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, 2007, are available to finance fiscal year 2007 operations. The amount available as an advance at June 30, 2007 was \$12,629 in the general fund and \$564 in the debt service fund, a nonmajor governmental fund. This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2006 was \$118,071 in the general fund and \$4,994 in the debt service fund, a nonmajor governmental fund.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and public utility/minerals real estate	\$ 61,694,680	58.21	\$ 62,778,520	60.18
Commercial/industrial real estate	14,437,400	13.62	14,455,020	13.86
Public utility personal	4,907,020	4.62	4,629,010	4.44
Tangible personal property	<u>24,959,008</u>	<u>23.55</u>	<u>22,461,785</u>	<u>21.52</u>
<b>Total</b>	<u>\$ 105,998,108</u>	<u>100.00</u>	<u>\$ 104,324,335</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation				
General	\$ 54.30		\$ 53.85	
Debt service	1.60		1.65	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2007 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest 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 reported on the statement of net assets follows:

**Governmental Activities:**

Taxes	\$ 4,015,249
Accounts	65
Intergovernmental	77,249
Accrued interest	446
<b>Total</b>	<u>\$ 4,093,009</u>

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/07</u>
<b>Governmental Activities</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 60,088	\$ -	\$ -	\$ 60,088
Total capital assets, not being depreciated	<u>60,088</u>	<u>-</u>	<u>-</u>	<u>60,088</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	892,290	-	-	892,290
Buildings and improvements	7,126,372	-	-	7,126,372
Furniture and equipment	3,234,436	112,432	(71,627)	3,275,241
Vehicles	541,173	-	-	541,173
Total capital assets, being depreciated	<u>11,794,271</u>	<u>112,432</u>	<u>(71,627)</u>	<u>11,835,076</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(473,273)	(26,966)	-	(500,239)
Buildings and improvements	(3,624,565)	(150,904)	-	(3,775,469)
Furniture and equipment	(2,320,959)	(144,949)	68,817	(2,397,091)
Vehicles	(397,525)	(30,389)	-	(427,914)
Total accumulated depreciation	<u>(6,816,322)</u>	<u>(353,208)</u>	<u>68,817</u>	<u>(7,100,713)</u>
Governmental activities capital assets, net	<u>\$ 5,038,037</u>	<u>\$ (240,776)</u>	<u>\$ (2,810)</u>	<u>\$ 4,794,451</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 216,456
Special	8,565
<u>Support Services:</u>	
Pupil	2,060
Instructional staff	6,646
Administration	5,447
Fiscal	1,405
Operations and maintenance	9,651
Pupil transportation	27,453
Extracurricular activities	69,657
Food service operations	5,868
Total depreciation expense	<u>\$ 353,208</u>



**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 9 - LEASE-PURCHASE AGREEMENTS**

- A. On June 28, 2001, the District entered into a lease-purchase agreement with the Weathersfield School Building Corporation (the "Corporation") for the financing of the reconstruction and improvement of the Joe Lane Sports Complex. The source of revenue to fund the principal and interest payments is derived from various donations, advertising and contributions from the District's general fund. During fiscal year 2007, the District made \$55,550 in principal payments on the lease-purchase agreement.

Capital assets consisting of land improvements and building improvements have been capitalized in the amount of \$950,000. 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. Accumulated depreciation as of June 30, 2007 was \$133,000, leaving a current book value of \$817,000.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2007.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2008	\$ 86,268
2009	86,268
2010	86,268
2011	86,268
2012	86,268
2013 - 2016	<u>345,070</u>
Total minimum lease payments	776,410
Less amount representing interest	<u>(149,346)</u>
Total	<u>\$ 627,064</u>

In conjunction with the lease-purchase agreement, the District entered into a ground-lease agreement whereby the District subleases the real property upon which the reconstruction and improvements are being made to the Corporation. The District is the lessor and the Corporation is the lessee under the ground-lease agreement. The ground-lease commenced on June 28, 2001 and terminates on December 1, 2015, or earlier upon the termination of the lease-purchase agreement or the District's exercise to take advantage of the purchase option.

- B. On March 1, 2002, the District entered into a lease-purchase agreement with the Rickenbacker Port Authority (through the Ohio Association of School Business Officials (OASBO) Expanded Asset Pooled Financing Program) for building improvements throughout the District. National City Bank has been designated as trustee for the agreement. The source of revenue to fund the principal and interest payments is general operating revenues of the District. The District made \$59,000 in principal payments during fiscal year 2007. Principal and interest payments will be recorded as debt service expenditures in the general fund.

Capital assets consisting of building improvements have been capitalized in the amount of \$1,095,324. 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. Accumulated depreciation as of June 30, 2007 was \$142,392, leaving a current book value of \$952,932.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 9 - LEASE-PURCHASE AGREEMENTS - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2007.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2008	\$ 101,793
2009	101,723
2010	101,505
2011	102,115
2012	101,554
2013 - 2017	505,203
2018	<u>75,676</u>
Total minimum lease payments	1,089,569
Less amount representing interest	<u>(252,245)</u>
Total	<u>\$ 837,324</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2002, the District issued \$2,000,000 in general obligation bonds to provide funds for renovations and improvements to Seaburn Elementary. These bonds bear an annual interest rate of 2.10% and mature on December 1, 2021. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the government-wide financial statements. During fiscal year 2007 the District made \$95,000 in principal payments on the bonds. Payments of principal and interest relating to this bond are recorded as expenditures in the debt service fund, a nonmajor governmental fund.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2007, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 95,000	\$ 61,721	\$ 156,721
2009	100,000	58,378	158,378
2010	105,000	54,635	159,635
2011	105,000	50,697	155,697
2012	110,000	46,558	156,558
2013 - 2017	345,000	446,020	791,020
2018 - 2022	<u>700,000</u>	<u>86,449</u>	<u>786,449</u>
Total	<u>\$ 1,560,000</u>	<u>\$ 804,458</u>	<u>\$ 2,364,458</u>

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

4

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

- B.** During the fiscal year 2007, the following changes occurred in governmental activities long-term obligations:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>06/30/06</u>			<u>06/30/07</u>	<u>Due in</u>
					<u>One Year</u>
<b>Governmental Activities:</b>					
Compensated absences	\$ 524,895	\$ 111,322	\$ (36,599)	\$ 599,618	\$ 56,895
Lease-purchase agreements payable	1,578,938	-	(114,550)	1,464,388	119,050
General obligation bonds payable	<u>1,655,000</u>	<u>-</u>	<u>(95,000)</u>	<u>1,560,000</u>	<u>95,000</u>
 Total long-term obligations, governmental activities	 <u>\$ 3,758,833</u>	 <u>\$ 111,322</u>	 <u>\$ (246,149)</u>	 <u>\$ 3,624,006</u>	 <u>\$ 270,945</u>

Compensated absences will be paid from the fund from which the employees' salaries are paid, which is primarily the general fund. The lease-purchase agreements will be paid from the general fund and the Joe Lane Sports Complex fund, a nonmajor governmental fund. The general obligation bonds will be paid from the debt service fund, a nonmajor governmental fund.

**C. 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, 2007, are a voted debt margin of \$5,840,595 (including available funds of \$162,863) and an unvoted debt margin of \$80,419.

**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for 25% of unused accumulated sick leave days up to 180 days plus 13% of sick leave days in excess of 180 days.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 11 - EMPLOYEE BENEFITS - (Continued)**

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to most employees. Certified employees are covered up to \$45,000, classified employees are covered up to \$40,000 and bus drivers are covered up to \$32,000.

**NOTE 12 - RISK MANAGEMENT**

**A. Property, Fleet, and Liability Insurance**

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 2007, the District contracted with First Place Insurance for property insurance and inland marine coverage; and with Nationwide Insurance for fleet and liability insurance. Coverages are as follows:

*Indiana Insurance provider for:*

Building and Contents - replacement cost (\$5,000 deductible)	\$27,213,200
Inland Marine Coverage (\$1,000 deductible)	
Boiler Insurance (\$1,000 deductible)	
Crime / Dishonesty Insurance (\$1,000 deductible)	25,000

*Ohio School Plan – Indiana Insurance provider for:*

Automobile Liability (\$5,000 deductible)	1,000,000
Uninsured Motorists (\$5,000 deductible)	50,000
General Liability	1,000,000
Per occurrence	3,000,000
Fleet Liability	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. Also, the District has not materially reduced its coverage in the past year.

**B. Medical, Dental, Vision and Drug Benefits**

The District has contracted with the Trumbull County Schools Employee Insurance Benefits Consortium to provide employee medical, prescription drug, vision and dental benefits. The Trumbull County Schools Employee Insurance Benefits Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through an annual calculation process. Weathersfield Local School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The following table summarizes the monthly premiums:

	<u>Family Coverage</u>	<u>Single Coverage</u>
Medical and prescription drug	\$1,104.36	\$424.76
Vision	\$6.54	\$2.37
Dental	\$74.36	\$20.98

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

The District pays 90% of the premium after one year of employment, 95% after two years of employment and 100% after three years of employment. The plan utilizes a \$5.00 deductible for generic drugs and a \$10.00 deductible for brand name drugs.

**C. Workers' Compensation**

The District uses the firm of Sheakley Uniservice, Inc. to provide administrative support for claims processing, and to assist the District in compliance with Bureau of Workers Compensation and Industrial Commission regulations. The District purchases its workers compensation coverage from the Bureau of Workers Compensation.

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

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 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 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, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$109,578, \$120,441, and \$99,632, respectively; 49.90 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$54,898 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

**B. State Teachers Retirement System**

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, 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. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation 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 fund pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$503,442, \$495,501, and \$472,024, respectively; 82.93 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$85,956 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2007 were \$809 made by the District and \$1,311 made by plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$38,726 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. Total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, the District paid \$54,263 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 15 - 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 Revenue, 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);
- (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	\$ 535,421
Net adjustment for revenue accruals	(104,907)
Net adjustment for expenditure accruals	23,259
Net adjustment for other sources/uses	(54,042)
Adjustment for encumbrances	98,547
GAAP basis	\$ 498,278

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.



**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 16 - CONTINGENCIES - (Continued)**

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**NOTE 17 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2006	\$ (404,522)	\$ (2,000,000)
Current year set-aside requirement	153,881	153,881
Qualifying disbursements	<u>(175,169)</u>	<u>(277,673)</u>
Total	<u>\$ (425,810)</u>	<u>\$ (2,123,792)</u>
Balance carried forward to FY 2008	<u>\$ (425,810)</u>	<u>\$ (2,000,000)</u>

The District had qualifying disbursements during the fiscal year that reduced the textbook and capital acquisition set aside amounts to below zero. These amounts may be used to reduce the set-aside requirement of future years.

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**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through The Ohio Department of Education.</i>						
Food Distribution Program	N/A	10.550		<b>\$28,853</b>		<b>\$28,853</b>
<b><i>Nutrition Cluster:</i></b>						
School Breakfast Program	05-PU 06	10.553	\$3,511		\$3,511	
	05-PU 07		11,698		11,698	
<b>Subtotal -- School Breakfast Program</b>			<b>15,209</b>		<b>15,209</b>	
National School Lunch Program	LL-P4-2006	10.555	28,748		28,748	
	LL-P4-2007		88,528		88,528	
<b>Subtotal -- School National School Lunch Program</b>			<b>117,276</b>		<b>117,276</b>	
<b>Total -- Nutrition Cluster</b>			<b>132,485</b>		<b>132,485</b>	
<b>Total U.S. Department of Agriculture</b>			<b>132,485</b>	<b>28,853</b>	<b>132,485</b>	<b>28,853</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through The Ohio Department of Education.</i>						
Grants to Local Educational Agencies Title I School Subsidy	C1-S1 06	84.010	13,396		23,707	
	C1-S1 07		191,273		168,066	
<b>Subtotal -- Title I School Subsidy</b>			<b>204,669</b>		<b>191,773</b>	
<b><i>Special Education Grants Cluster:</i></b>						
Special Education Grants to States - IDEA - Part B	6B-SF-2006	84.027	-		21,951	
	6B-SF-2007		179,822		142,730	
<b>Subtotal -- Special Education Cluster - IDEA -Part B</b>			<b>179,822</b>		<b>164,681</b>	
<b>Title IV Safe and Drug Free Schools</b>	DR-S1-2007	84.186	<b>4,798</b>		<b>4,798</b>	
<b>Innovative Education Program Strategies</b>	C2-S1-2007	84.298	<b>1,424</b>		<b>1,424</b>	
<b>Title II - D Technology Literacy Challenge Grant</b>	TJ-S1-2007	84.318	<b>2,021</b>		<b>2,021</b>	
Title II - A Improving Teacher Quality State Grants	TR-S1-2006	84.367	-		2,769	
	TR-S1-2007		46,136		44,538	
<b>Subtotal -- Title II - A</b>			<b>46,136</b>		<b>47,307</b>	
<b>Total -- U.S. Department of Education</b>			<b>438,870</b>		<b>412,004</b>	
<b>Totals</b>			<b>\$571,355</b>	<b>\$28,853</b>	<b>\$544,489</b>	<b>\$28,853</b>

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B- FOOD DISTRIBUTION**

Program regulations do not require the District to maintain separate inventory records for the purchased food and food received from the U. S. Department of Agriculture. This nonmonetary assistance (expenditure) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U. S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C - MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



# 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*

Weathersfield Local School District  
Trumbull County  
3750 North Main Street  
Mineral Ridge, Ohio 44440-9535

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 Weathersfield Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. We noted certain matters that we reported to the District's management in a separate letter dated March 27, 2008.

### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated March 27, 2008.

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

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

**Mary Taylor, CPA**  
Auditor of State

March 27, 2008



# Mary Taylor, CPA

Auditor of State

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

Weathersfield Local School District  
Trumbull County  
3750 North Main Street  
Mineral Ridge, Ohio 44440-9535

To The Board of Education:

### Compliance

We have audited the compliance of Weathersfield 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 its major federal program for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Weathersfield Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007.

### Internal Control Over Compliance

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

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

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

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

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

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



**Mary Taylor, CPA**  
Auditor of State

March 27, 2008



**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY  
JUNE 30, 2007**

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

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

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

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

Finding Number	None
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**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

Finding Number	None
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**Mary Taylor, CPA**  
Auditor of State

**WEATHERSFIELD LOCAL SCHOOL DISTRICT**

**TRUMBULL 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  
MAY 6, 2008**