

WELLINGTON EXEMPTED VILLAGE
SCHOOL DISTRICT

GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
Wellington Exempted Village School District
Wellington, Ohio

We have reviewed the Independent Auditor's Report of the Wellington Exempted Village School District, Lorain County, prepared by Rea & Associates, Inc., for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 16, 2004

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WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

FOR THE YEAR ENDED JUNE 30, 2003

TABLE OF CONTENTS

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

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

January 14, 2004

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general purpose financial statements of Wellington Exempted Village School District as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Wellington Exempted Village School District as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2004 on our consideration of Wellington Exempted Village School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Rea & Associates, Inc.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Assets and Other Debits</i>				
Assets				
Cash and Cash Equivalents - Unrestricted	\$ 2,978,843	\$ 197,487	\$ 31	\$ 191,098
Cash and Cash Equivalents - Restricted	36,125	0	0	0
Receivables:				
Taxes	3,739,938	0	0	0
Accounts	3,852	0	0	0
Interfund	24,469	0	0	0
Intergovernmental Receivable	0	544,040	0	0
Prepaid Items	54,634	0	0	0
Inventory Held For Resale	0	0	0	0
Materials and Supplies Inventory	12,674	0	0	0
Fixed Assets (Net, where applicable of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount Availabe in Debt Service	0	0	0	0
Amount to be Provided From Government Resources	0	0	0	0
Total Assets and Other Debits	\$ 6,850,535	\$ 741,527	\$ 31	\$ 191,098
Liabilities, Fund Equity, and Other Credits				
Liabilities				
Accounts Payable	\$ 49,336	\$ 13,251	\$ 0	\$ 0
Accrued Wages and Benefits	894,187	0	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	24,469	0	0
Intergovernmental Payable	183,981	0	0	0
Deferred Revenue	2,813,124	479,204	0	0
Undistributed Monies	0	0	0	0
Contingency Payable	8,808	0	0	0
Capital Lease Payable	0	0	0	0
Early Retirement Incentive Payable	0	0	0	0
Total Liabilities	3,949,436	516,924	0	0
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	95,413	2,670	0	1,098
Reserved for Inventory	12,674	0	0	0
Reserved for Prepaid Items	54,634	0	0	0
Reserved for Tax Revenue Unavailable for Appropriations	926,814	0	0	0
Reserved for Bureau of Workers Compensation Refund	36,125	0	0	0
Unreserved:				
Undesignated	1,775,439	221,933	31	190,000
Total Fund Equity and Other Credits	2,901,099	224,603	31	191,098
Total Liabilities, Fund Equity and Other Credits	\$ 6,850,535	\$ 741,527	\$ 31	\$ 191,098

See accompanying notes to the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups			Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	General Long-Term Obligations	
Enterprise					
\$ 20,066	\$ 38,816	\$ 0	\$ 0	\$ 0	\$ 3,426,341
0	0	0	0	0	36,125
0	0	0	0	0	3,739,938
0	0	0	0	0	3,852
0	0	0	0	0	24,469
0	0	0	0	0	544,040
0	0	0	0	0	54,634
19,301	0	0	0	0	19,301
0	0	0	0	0	12,674
31,006	0	9,455,146	0	0	9,486,152
0	0	0	0	31	31
0	0	0	0	781,440	781,440
<u>\$ 70,373</u>	<u>\$ 38,816</u>	<u>\$ 9,455,146</u>	<u>\$ 781,471</u>	<u>\$ 18,128,997</u>	

\$ 1,529	\$ 0	\$ 0	\$ 0	\$ 0	\$ 64,116
30,416	0	0	0	0	924,603
14,220	0	0	0	550,182	564,402
0	0	0	0	0	24,469
12,407	0	0	0	102,009	298,397
0	0	0	0	0	3,292,328
0	38,816	0	0	0	38,816
0	0	0	0	0	8,808
0	0	0	0	111,093	111,093
0	0	0	0	18,187	18,187
<u>58,572</u>	<u>38,816</u>	<u>0</u>	<u>781,471</u>	<u>5,345,219</u>	
0	0	9,455,146	0	0	9,455,146
11,801	0	0	0	0	11,801
0	0	0	0	0	99,181
0	0	0	0	0	12,674
0	0	0	0	0	54,634
0	0	0	0	0	926,814
0	0	0	0	0	36,125
0	0	0	0	0	2,187,403
<u>11,801</u>	<u>0</u>	<u>9,455,146</u>	<u>0</u>	<u>12,783,778</u>	
<u>\$ 70,373</u>	<u>\$ 38,816</u>	<u>\$ 9,455,146</u>	<u>\$ 781,471</u>	<u>\$ 18,128,997</u>	

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

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

All Governmental Fund Types and Expendable Trust Funds

For the Year Ended June 30, 2003

	Governmental Fund Type			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 4,374,539	\$ 0	\$ 0	\$ 0
Intergovernmental	5,491,566	304,703	0	0
Investment Income	54,501	0	0	0
Tuition and Fees	7,938	0	0	0
Extracurricular Activities	0	279,438	0	0
Miscellaneous	39,998	37,472	0	0
Total Revenues	9,968,542	621,613	0	0
Expenditures				
Current:				
Instruction				
Regular	5,347,403	152,939	0	0
Special	631,194	216,586	0	0
Vocational	175,118	743	0	0
Other	62,173	0	0	0
Support Services:				
Pupils	438,438	408	0	0
Instructional Staff	357,929	23,779	0	8,333
Board of Education	61,233	0	0	0
Administration	1,158,475	82,917	0	0
Fiscal	319,682	11,265	0	0
Operation and Maintenance of Plant	866,913	2,822	0	0
Pupil Transportation	461,672	37,013	0	0
Central	179,503	0	0	623
Operation of Non-Instructional Services	75,136	6,751	0	0
Extracurricular Activities	165,086	171,472	0	0
Capital Outlay	118,921	2,534	0	51,002
Debt Service:				
Principal Retirement	107,798	0	0	0
Interest and Fiscal Charges	10,654	0	0	0
Total Expenditures	10,537,328	709,229	0	59,958
Excess of Revenues Over (Under) Expenditures	(568,786)	(87,616)	0	(59,958)
Other Financing Sources (Uses)				
Operating Transfers In	47,146	5,273	0	0
Operating Transfers Out	(71,916)	(5,949)	0	0
Total Other Financing Sources (Uses)	(24,770)	(676)	0	0
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(593,556)	(88,292)	0	(59,958)
Fund Balance at Beginning Of Year	3,493,972	312,895	31	251,056
Increase in Reserve for Inventory	683	0	0	0
Fund Balance at End of Year	\$ 2,901,099	\$ 224,603	\$ 31	\$ 191,098

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type			
Expendable Trust		Totals (Memorandum Only)	
\$	0	\$	4,374,539
	0		5,796,269
	0		54,501
	0		7,938
	0		279,438
	0		77,470
	0		10,590,155
	0		5,500,342
	0		847,780
	0		175,861
	0		62,173
	0		438,846
	0		390,041
	0		61,233
	0		1,241,392
	0		330,947
	0		869,735
	0		498,685
	0		180,126
	0		81,887
	0		336,558
	0		172,457
	0		107,798
	0		10,654
	0		11,306,515
	0		(716,360)
	0		52,419
	(50)		(77,915)
	(50)		(25,496)
	(50)		(741,856)
	50		4,058,004
	0		683
\$	0	\$	3,316,831

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

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

For the Year Ended June 30, 2003

GENERAL FUND			
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 4,437,428	\$ 4,437,428	\$ 0
Intergovernmental	5,487,714	5,487,714	0
Investment Income	54,501	54,501	0
Tuition and Fees	7,938	7,938	0
Extracurricular Activities	0	0	0
Miscellaneous	47,333	47,333	0
Total Revenues	10,034,914	10,034,914	0
Expenditures			
Current			
Instruction	6,190,914	6,190,914	0
Support Services			
Pupils	460,290	460,290	0
Instructional Staff	343,016	343,016	0
Board of Education	72,448	72,448	0
Administration	1,350,861	1,350,861	0
Fiscal	328,132	328,182	(50)
Operation and Maintenance of Plant	1,147,904	1,144,904	3,000
Pupil Transportation			
Central	216,572	216,572	0
Operation of Non-Instructional Services	351	351	0
Extracurricular Activities	165,180	165,180	0
Capital Outlay	0	0	0
Total Expenditures	10,870,245	10,867,295	2,950
Excess of Revenues Over (Under) Expenditures	(835,331)	(832,381)	2,950
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	850	850	0
Refund of Prior Year Expenditures	17,425	17,425	0
Refund of Prior Year Receipts	(3,329)	(3,329)	0
Other Financing Uses	(7)	(7)	0
Advances In	13,069	13,069	0
Advances Out	(22,184)	(22,184)	0
Operating Transfers In	47,146	47,146	0
Operating Transfers Out	(71,916)	(71,916)	0
Total Other Financing Sources (Uses)	(18,946)	(18,946)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(854,277)	(851,327)	2,950
Fund Balance (Deficit) at Beginning of Year	3,318,113	3,318,113	0
Prior Year Encumbrances Appropriated	259,238	259,238	0
Fund Balance (Deficit) at End of Year	\$ 2,723,074	\$ 2,726,024	\$ 2,950

See accompanying notes to the general purpose financial statements.

SPECIAL REVENUE FUND				DEBT SERVICE FUND			
Revised Budget	Actual	Variance Favorable (Unfavorable)		Revised Budget	Actual	Variance Favorable (Unfavorable)	
\$ 0	\$ 0	\$ 0		\$ 0	\$ 0	\$ 0	
305,463	305,463	0		0	0	0	
0	0	0		0	0	0	
0	0	0		0	0	0	
279,438	279,438	0		0	0	0	
37,472	37,472	0		0	0	0	
<u>622,373</u>	<u>622,373</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>	
426,066	426,066	0		0	0	0	
408	408	0		0	0	0	
29,501	29,501	0		0	0	0	
0	0	0		0	0	0	
83,593	83,593	0		0	0	0	
11,265	11,265	0		0	0	0	
2,822	2,822	0		0	0	0	
37,013	37,013	0		0	0	0	
0	0	0		0	0	0	
7,085	7,085	0		0	0	0	
179,245	179,245	0		0	0	0	
0	0	0		0	0	0	
<u>776,998</u>	<u>776,998</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>	
<u>(154,625)</u>	<u>(154,625)</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>	
0	0	0		0	0	0	
0	0	0		0	0	0	
(41,928)	(41,928)	0		0	0	0	
0	0	0		0	0	0	
22,184	22,184	0		0	0	0	
(13,069)	(13,069)	0		0	0	0	
5,273	5,273	0		0	0	0	
(5,949)	(5,949)	0		0	0	0	
<u>(33,489)</u>	<u>(33,489)</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>	
(188,114)	(188,114)	0		0	0	0	
325,973	325,973	0		31	31	0	
37,406	37,406	0		0	0	0	
<u>\$ 175,265</u>	<u>\$ 175,265</u>	<u>\$ 0</u>		<u>\$ 31</u>	<u>\$ 31</u>	<u>\$ 0</u>	

(continued)

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

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

For the Year Ended June 30, 2003

CAPITAL PROJECTS FUND			
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	0
Investment Income	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	0
Total Revenues	0	0	0
Expenditures			
Current			
Instruction	46,476	46,476	0
Support Services			
Pupils	0	0	0
Instructional Staff	8,333	8,333	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	623	623	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	2,126	2,126	0
Total Expenditures	57,558	57,558	0
Excess of Revenues Over (Under) Expenditures	(57,558)	(57,558)	0
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	(3,498)	(3,498)	0
Other Financing Uses	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	(3,498)	(3,498)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(61,056)	(61,056)	0
Fund Balance (Deficit) at Beginning of Year	251,056	251,056	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance (Deficit) at End of Year	\$ 190,000	\$ 190,000	\$ 0

See accompanying notes to the general purpose financial statements.

EXPENDABLE TRUST FUNDS				TOTALS (MEMORANDUM ONLY)			
Revised Budget	Actual	Variance Favorable (Unfavorable)		Revised Budget	Actual	Variance Favorable (Unfavorable)	
\$	0	\$	0	\$	4,437,428	\$	4,437,428
	0		0		5,793,177		5,793,177
	0		0		54,501		54,501
	0		0		7,938		7,938
	0		0		279,438		279,438
	0		0		84,805		84,805
	0		0		10,657,287		10,657,287
	0		0		6,663,456		6,663,456
	0		0		460,698		460,698
	0		0		380,850		380,850
	0		0		72,448		72,448
	0		0		1,434,454		1,434,454
	0		0		339,397		339,447
	0		0		1,150,726		1,147,726
	0		0		631,590		631,590
	0		0		217,195		217,195
	0		0		7,436		7,436
	0		0		344,425		344,425
	0		0		2,126		2,126
	0		0		11,704,801		11,701,851
	0		0		(1,047,514)		(1,044,564)
	0		0		850		850
	0		0		17,425		17,425
	0		0		(48,755)		(48,755)
	0		0		(7)		(7)
	0		0		35,253		35,253
	0		0		(35,253)		(35,253)
	0		0		52,419		52,419
	(50)		(50)		(77,915)		(77,915)
	(50)		(50)		(55,983)		(55,983)
	(50)		(50)		(1,103,497)		(1,100,547)
	50		50		3,895,223		3,895,223
	0		0		296,644		296,644
\$	0	\$	0	\$	3,088,370	\$	3,091,320

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT*Combined Statement of Revenues,
Expenses, and Changes in Fund Equity
All Proprietary Fund Types*

For the Year Ended June 30, 2003

	Enterprise Fund
<hr/>	
<u>Operating Revenues</u>	
Tuition	\$ 29,102
Sales	335,895
<i>Total Operating Revenues</i>	<u>364,997</u>
<u>Operating Expenses</u>	
Salaries	223,544
Fringe Benefits	89,036
Purchased Services	7,286
Materials and Supplies	214,601
Depreciation	4,134
Maintenance	125
Other Operating Expenses	1,245
<i>Total Operating Expenses</i>	<u>539,971</u>
Operating Loss	<u>(174,974)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Operating Grants	162,079
Other Non-Operating Revenue	2,694
<i>Total Non-Operating Revenues (Expenses)</i>	<u>164,773</u>
Loss Before Operating Transfers	(10,201)
Operating Transfers In	25,217
Operating Transfers Out	<u>(16)</u>
Net Income	15,000
Retained Earnings (Deficit) at Beginning of Year	<u>(3,199)</u>
Retained Earnings at End of Year	<u>\$ 11,801</u>

See accompanying notes to the general purpose financial statements.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

Combined Statement of Cash Flows
All Proprietary Fund Types

For the Year Ended June 30, 2003

	Enterprise Fund
<u>Cash Flows From Operating Activities</u>	
Cash Received from Customers	\$ 375,277
Cash Paid for Goods and Services	(224,980)
Cash Paid to Employees	(308,288)
<i>Net Cash Used For Operating Activities</i>	<u>(157,991)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Purchase of equipment	(31,818)
<i>Net Cash Used For Capital and Related Financing Activities</i>	<u>(31,818)</u>
<u>Cash Flows From Non-Capital Financing Activities</u>	
Grants	162,079
Other Non-Operating Revenues	2,694
Operating Transfers In	25,217
Operating Transfers Out	(16)
<i>Net Cash Provided By Non-Capital Financing Activities</i>	<u>189,974</u>
Net Increase in Cash and Cash Equivalents	165
Cash and Cash Equivalents at Beginning of Year	19,901
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 20,066</u>
<u>Reconciliation of Operating Loss to Net Cash Used For Operating Activities</u>	
Operating Loss	\$ (174,974)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:	
Depreciation	4,134
(Increase) Decrease in assets:	
Accounts Receivable	17,887
Inventory	(9,028)
Increase (Decrease) in liabilities:	
Accounts Payable	1,529
Accrued Wages and Benefits	6,687
Compensated Absences Payable	(2,395)
Deferred Revenue	(7,607)
Intergovernmental Payable	5,776
<i>Total Adjustments</i>	<u>16,983</u>
<i>Net Cash Used For Operating Activities</i>	<u>\$ (157,991)</u>

See accompanying notes to the general purpose financial statements.

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

The Wellington Exempted Village School District (the District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is an exempted village school district as defined by Section 3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of, October 1, 2002 was 1,613. The District employs 112 certificated and 72 non-certificated employees.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and 1) the District is able to significantly influence the programs or services performed or provided by the organization; or 2) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District has no component units.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

GOVERNMENTAL FUND TYPES

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

Revenues – Exchange and Non-Exchange Transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 10). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year which the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which are levied to finance fiscal year 2004 operations, have been recorded as deferred revenue.

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

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2003

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

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

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

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

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

PROPRIETARY FUND TYPES

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

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

FIDUCIARY FUND TYPES

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

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

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

ACCOUNT GROUPS

The District maintains two account groups as described below:

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

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

(B) *CASH AND INVESTMENTS*

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

During fiscal year 2003, investments were limited to STAR Ohio. Investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements and non-negotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
June 30, 2003

Interest earned on investments is credited to the respective fund, except as stipulated by state statute or Board Resolution. Interest income credited to the General Fund during fiscal year 2003 totaled \$54,501, which includes \$7,085 assigned from other School District funds.

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

(C) *RESTRICTED ASSETS*

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

(D) *RECEIVABLES*

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

(E) *INVENTORIES AND SUPPLIES*

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

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

(F) *PREPAID EXPENSES*

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

(G) *FIXED ASSETS AND DEPRECIATION*

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

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
June 30, 2003

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

(H) *LONG-TERM LIABILITIES*

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

(I) *UNPAID COMPENSATED ABSENCES*

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

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

(J) *FUND EQUITY*

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

(K) *TOTAL COLUMNS*

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

NOTE 3 – FUND DEFICIT

The Latchkey fund has a deficit retained earnings of \$4,914. This deficit was due to the conversion of cash to accrual.

NOTE 4 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(A) *BUDGETARY PROCESS*

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

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

(B) *BUDGETARY BASIS*

Tax Budget

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

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying “Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Funds” do not include July 1, 2003 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

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

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

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

Encumbrances

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

Budgetary Reporting

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

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
 June 30, 2003

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

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

<u>Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)</u>					
<u>Reconciliation of Budget Basis to GAAP Basis</u>					
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Fund	Expendable Trust Fund
Budget Basis	\$ (851,327)	\$ (188,114)	\$ 0	\$ (61,056)	\$ (50)
Adjustments, increase (decrease)					
Revenue Accruals	(727,818)	(22,944)	0	0	0
Expenditure Accruals	696,645	100,542	0	0	0
Encumbrances	288,944	22,224	0	1,098	0
GAAP Basis	<u>\$ (593,556)</u>	<u>\$ (88,292)</u>	<u>\$ 0</u>	<u>\$ (59,958)</u>	<u>\$ (50)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

A. LEGAL REQUIREMENTS

State statutes classify monies held by the District into three categories:

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

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

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2003

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

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

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

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuance's of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily with the term of the agreement not exceeding thirty days;
- (4) Bonds and other obligations of the State of Ohio;
- (5) No load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (6) The State Treasurer's investments pool (STAR Ohio);
- (7) Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
- (8) Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2003

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

B. DEPOSITS AND CASH

At fiscal year-end, the carrying amount of the District's deposits was \$1,617,961 and the bank balance was \$1,659,212. Federal depository insurance covers up to \$100,000 of the bank balance.

C. INVESTMENTS

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

	Carrying Value	Fair Value
STAR Ohio	<u>1,844,505</u>	<u>1,844,505</u>
Totals	<u>\$ 1,844,505</u>	<u>\$ 1,844,505</u>

NOTE 6– INTERFUND TRANSACTIONS

Interfund balances at June 30, 2003 consist of the following fund receivables and payables:

	Receivable	Payable
General Fund	\$ 24,469	\$ 0
Special Revenue Fund	0	24,469
	<u>\$ 24,469</u>	<u>\$ 24,469</u>

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
 June 30, 2003

The following is a summarized breakdown of the District's operating transfers for fiscal year 2003:

	Transfers In	Transfers Out
General Fund	\$ 47,146	\$ (71,916)
Special Revenue	5,273	(5,949)
Enterprise Fund	25,217	(66)
Agency Funds	5,921	(5,626)
Total	<u>\$ 83,557</u>	<u>\$ (83,557)</u>

NOTE 7 - FIXED ASSETS AND ACCUMULATED DEPRECIATION

(A) *GENERAL FIXED ASSETS ACCOUNT GROUP*

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

	Balance June 30, 2002	Additions	Deletions	Adjustments	Balance June 30, 2003
Land and improvements	\$ 457,256	\$ 0	\$ 0	\$ 1,566,953	\$ 2,024,209
Buildings	6,092,996	0	0	(460,578)	5,632,418
Furniture and Equipment	3,825,898	6,463	0	(3,396,810)	435,551
Vehicles	743,297	111,322	48,276	0	806,343
Textbooks	0	0	0	546,845	546,845
Construction in progress	0	9,780	0	0	9,780
	<u>\$ 11,119,447</u>	<u>\$ 127,565</u>	<u>\$ 48,276</u>	<u>\$ (1,743,590)</u>	<u>\$ 9,455,146</u>

(B) *PROPRIETARY FUND TYPE FIXED ASSETS*

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

	Balance June 30, 2002	Adjustments	Additions	Current Depreciation	Balance June 30, 2003
Furniture and Equipment	\$ 236,353	\$ 77,806	\$ 0	\$ 0	\$ 158,547
Accumulated Depreciation	233,031	(109,624)	0	4,134	127,541
Net Fixed Assets	<u>\$ 3,322</u>	<u>\$ (31,818)</u>	<u>\$ 0</u>	<u>\$ 4,134</u>	<u>\$ 31,006</u>

During the fiscal year, the District had a valuation of their fixed assets completed as of June 30, 2003. The adjustments above represent the amounts needed to restate the fixed asset balance to the amount as determined during the valuation.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
 June 30, 2003

NOTE 8 - GENERAL LONG TERM OBLIGATIONS

	Outstanding June 30, 2002	Additions	Deletions	Outstanding June 30, 2003
Capital lease payable, 5% interest rate, due July, 2003	\$ 218,891	\$ 0	\$ 107,798	\$ 111,093
Early Retirement Incentive	8,833	18,187	8,833	18,187
Accrued Vacations	28,190	17,500	28,190	17,500
Accrued Sick Leave Benefits	622,446	0	89,764	532,682
Accrued SERS/STRS	62,328	102,009	62,328	102,009
	<u>\$ 940,688</u>	<u>\$ 137,696</u>	<u>\$ 296,913</u>	<u>\$ 781,471</u>

NOTE 9 – CAPITAL LEASE

The District has entered into a capitalized lease for equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, “Accounting for Leases,” which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds.

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

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of June 30, 2003:

Year ending June 30, 2004	<u>\$ 115,692</u>
Minimum lease payments	115,692
Less: Amount representing interest at the District’s incremental borrowing rate of interest	<u>4,599</u>
Present value of minimum lease payments	<u>\$ 111,093</u>

NOTE 10 - PROPERTY TAXES

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

Real property taxes are based on assessed value equal to thirty-five percent of appraisal value. The Lorain and Huron County Auditors reappraise real property every six years with a triennial update, which last update was completed for tax year 2000 for Lorain and Huron Counties. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, in Lorain and Huron Counties, real property taxes are billed semi-annually, one year in arrears. The tax rate applied to real property collected in 2003 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2003

State of Ohio, amounted to \$28.00 per \$1,000 of valuation for Lorain County. The effective rate applied after adjustment for inflationary increases in property values was \$20.00 per \$1,000 of assessed valuation for residential and agricultural real property, and \$22.59 and per \$1,000 of assessed valuation for other real property for Lorain County. The tax rate applied to real property collected in 2003 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$42.90 per \$1,000 of valuation for Huron County. The effective rate applied after adjustment for inflationary increases in property values was \$31.33 per \$1,000 of assessed valuation for residential and agricultural real property, and \$34.78 and per \$1,000 of assessed valuation for other real property for Huron County.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 2002 was \$28.00 and \$42.90 per \$1,000 of valuation for Lorain and Huron County, respectively.

The property valuation consisted of:

	Lorain County	Huron County
Real Property - 2002 Valuation		
Residential/Agricultural	\$ 108,792,650	\$ 3,928,270
Commercial/Industrial/Minerals	19,238,400	76,270
Public Utilities	91,280	990
Tangible Personal Property - 2003 Valuation		
General	19,602,650	39,860
Public Utilities	8,449,250	93,660
Total Valuation	<u>\$ 156,174,230</u>	<u>\$ 4,139,050</u>

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amount available to the District as an advance at June 30, 2003, was \$915,278, from Lorain County and \$11,536 from Huron County.

NOTE 11 - PENSION PLANS

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

The Wellington Exempted Village School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple-employer 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 financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad

Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614)222-5853.

Plan members are required to contribute 9% of their annual covered salary and Wellington Exempted Village School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Wellington Exempted Village School District are established and may be amended by the SERS Board of Trustees. The District's contributions to SERS for the years ending June 30, 2003, 2002 and 2001 were \$203,556, \$183,480, and \$167,352, respectively; 54% has been contributed for fiscal year 2002 and 100% for the fiscal years 2002 and 2001. The amount representing the unpaid contribution for fiscal year 2003, \$110,064 is recorded as a liability within the respective funds and the general long-term obligations account group.

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

The Wellington Exempted Village School District 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.

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% 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.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2003

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, 2003, plan members were required to contribute 9.3% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$757,176, \$681,396, and \$653,484, respectively; 83% has been contributed for fiscal year 2003 and 100% for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$4,694 made by the School District and \$13,787 made by the plan members. \$133,668 represents the unpaid contribution for fiscal year 2003, and is recorded as a liability within the respective funds.

C) *SOCIAL SECURITY SYSTEM*

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. The Board's liability is 6.2% of wages paid.

NOTE 12 – POST-EMPLOYMENT BENEFITS

The Wellington Exempted Village School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), 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 on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$57,084 during the 2003 fiscal year.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
June 30, 2003

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2003 the balance in the Fund was \$2.8 billion. For the year ended June 30, 2003, the health care costs paid by STRS were \$352,301,000 and STRS had 108,294 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. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2003, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$159,260.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS had approximately 50,000 participants currently receiving health care benefits.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
 June 30, 2003

NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS

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

	Food Services	Latchkey	Uniform Supplies	Community Education	Total
Operating Revenues	\$ 263,328	\$ 29,102	\$ 72,567	\$ 0	\$ 364,997
Operating Expenses:					
Salaries and wages	193,825	29,719	0	0	223,544
Fringe benefits	73,051	15,985	0	0	89,036
Purchased services	7,256	30	0	0	7,286
Materials and supplies	125,199	5,898	83,504	0	214,601
Depreciation	4,134	0	0	0	4,134
Maintenance	125	0	0	0	125
Other operating expenses	973	272	0	0	1,245
Total operating expenses	<u>404,563</u>	<u>51,904</u>	<u>83,504</u>	<u>0</u>	<u>539,971</u>
Operating income (loss)	(141,235)	(22,802)	(10,937)	0	(174,974)
Non-operating revenues, net	<u>163,636</u>	<u>1,137</u>	<u>0</u>	<u>0</u>	<u>164,773</u>
Income (loss) before transfers	22,401	(21,665)	(10,937)	0	(10,201)
Operating transfers in	575	18,661	5,981	0	25,217
Operating transfers out	(16)	0	0	0	(16)
Net income (loss)	<u>\$ 22,960</u>	<u>\$ (3,004)</u>	<u>\$ (4,956)</u>	<u>\$ 0</u>	<u>\$ 15,000</u>
Other information:					
Net working capital	<u>\$ (28,708)</u>	<u>\$ (4,914)</u>	<u>\$ 14,417</u>	<u>\$ 0</u>	<u>\$ (19,205)</u>
Fixed assets, net	<u>\$ 31,006</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,006</u>
Total assets	<u>\$ 53,775</u>	<u>\$ 824</u>	<u>\$ 15,774</u>	<u>\$ 0</u>	<u>\$ 70,373</u>
Total equity (deficit)	<u>\$ 2,298</u>	<u>\$ (4,914)</u>	<u>\$ 14,417</u>	<u>\$ 0</u>	<u>\$ 11,801</u>

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of 30 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports LEECA based upon on per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the General Purpose Financial Statements

June 30, 2003

board of directors chosen from the general membership of the LERC assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Lorain County Board of Education, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2003, the District paid approximately \$16,388 to LEECA for basic service charges.

NOTE 15 - RISK MANAGEMENT

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

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

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

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

NOTE 16 - OTHER MATTERS

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "... the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
 June 30, 2003

NOTE 17 - STATUTORY RESERVES

Substitute House Bill 412, as amended, required the District to “set aside” certain percentages of defined revenues for (1) textbook and instructional materials purchases, and (2) capital and maintenance expenditures. As of April 10, 2001, any money on hand in a School District’s budget reserve set-aside account may at the discretion of the Board be returned to the District’s general fund or may be left in the account and used by the Board to offset any budget deficit the District may experience in future years. The amendment places special conditions on any refunds or rebates from the Bureau of Workers’ Compensation. These monies are to be used to offset a budget deficit for school facility construction, renovation or repair, for the textbooks or instructional materials; for purchase of school buses; or for teachers’ professional development. Wellington Exempted Village School District decided to transfer the funds back into the General Fund, except for the restricted Bureau of Workers’ Compensation refund. It also required five year budget projections, amended the fiscal watch and fiscal emergency statutes, created a school district solvency fund, and amended “spending reserve” provisions. During the fiscal year June 30, 2003, the reserve activity (GAAP-Basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Reserve for BWC Refund	Total
Set-Aside Cash Balance as of June 30, 2002	\$ 0	\$ 0	\$ 36,125	\$ 36,125
Set-Aside Carryover Balance as of June 30, 2002	12,002	0	0	12,002
Current Year Set-Aside Requirement	209,646	209,646	0	419,292
Qualifying Disbursements	<u>(271,395)</u>	<u>(231,457)</u>	0	<u>(502,852)</u>
Total	<u>\$ (49,747)</u>	<u>\$ (21,811)</u>	<u>\$ 36,125</u>	<u>\$ (35,433)</u>
Cash Balance Carried Forward FY2003	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,125</u>	
Amount Restricted for Set-Asides				<u>\$ 36,125</u>
Total Restricted Assets				<u>\$ 36,125</u>

NOTE 18 – COMMITMENT AND CONTINGENCY

The District settled a lawsuit and was required to pay \$163,559 in damages. As of June 30, 2003 there was a balance due of \$8,808. The contingency liability has been posted to the District’s financial statements.

As of June 30, 2003, the District had contractual purchase commitments as follows:

	Contractual Commitment	Expended	Balance 6/30/2003
Arkinetic Inc. - Architect for Middle School Renovations	\$ 14,190	\$ 9,780	\$ 4,410
Gener Resar, Inc. - Contractor for Middle School Renovations	\$ 294,175	\$ 00	\$ 294,175

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

January 14, 2004

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

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

We have audited the general purpose financial statements of Wellington Exempted Village School District as of and for the year ended June 30, 2003, and have issued our report thereon January 14, 2004. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wellington Exempted Village School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Wellington Exempted Village School District in a separate letter January 14, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wellington Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design of operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Wellington Exempted Village School District in a separate letter January 14, 2004.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

January 14, 2004

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

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

Compliance

We have audited the compliance of Wellington Exempted Village School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. Wellington Exempted Village School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Wellington Exempted Village School District's management. Our responsibility is to express an opinion on Wellington Exempted Village School District's compliance based on our audit.

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

In our opinion, Wellington Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis

We have audited the general purpose financial statements of Wellington Exempted Village School District as of and for the year ended June 30, 2003, and have issued our report thereon January 14, 2004. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements of Wellington Exempted Village School District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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

Rea & Associates, Inc.

WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - NON-GAAP BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Program Amount	Federal Receipts	Federal Disbursements	Non-Cash Disbursements
U. S. Department of Education						
(Passed Through State Department of Education):						
Title I	84.010	C1-S1-03	139,895	\$ 139,895	\$ 136,916	\$ 0
Title I	84.010	C1-S1-02	149,144	2,972	25,182	0
<i>* Total Title I</i>				<u>142,867</u>	<u>162,098</u>	<u>0</u>
Title VI-B IDEA	84.027	6B-SF-03P	143,217	25,779	36,360	0
Title VI-B	84.027	6B-SF-02P	109,680	1,470	38,633	0
<i>Total Title VI-B</i>				<u>27,249</u>	<u>74,993</u>	<u>0</u>
Title V	84.298	C2-S1-03	11,704	4,966	3,745	0
Title VI	84.298	C2-S1-02	7,881	2,110	(24)	0
Title VI	84.298	C2-S1-01	7,826	(4,286) (C)	0	0
Title VI	84.298	C2-S1-00	7,547	(6,459) (C)	0	0
<i>Total Title VI</i>				<u>(3,669)</u>	<u>3,721</u>	<u>0</u>
Eisenhower Grant	84.281	MS-S1-02	7,758	(5,491) (C)	1,360	0
Eisenhower Grant	84.281	MS-S1-01	6,099	610	410	0
Eisenhower Grant	84.281	MS-S1-00	6,248	0	4,374	0
<i>Total Eisenhower Grant</i>				<u>(4,881)</u>	<u>6,144</u>	<u>0</u>
Drug Free Schools	84.186	DR-S1-03	6,900	6,900	3,591	0
Drug Free Schools	84.186	DR-S1-02	5,981	0	1,000	0
Drug Free Schools	84.186	DR-S1-01	6,557	0	1,000	0
<i>Total Drug Free Schools</i>				<u>6,900</u>	<u>5,591</u>	<u>0</u>
Goals 2000 (Continuous Improvement)	84.276	G2-S2-01	13,000	(11,132) (C)	1,356	0
Goals 2000 (Continuous Improvmt Implemt)	84.276	G2-S2-00	14,000	(3,635) (C)	0	0
<i>Total Goals 2000</i>				<u>(14,767)</u>	<u>1,356</u>	<u>0</u>
<i>Title II -D FY03 Tech Grant</i>	84.318	TJ-S1-03	3,830	689	0	0
<i>Title II - FY03</i>	84.367	TR-S1-03	65,965	65,057	58,657	0
<i>Learn and Serve Grant</i>	94.004	SV-S2-97P		0	70	0
Class Reduction Grant	84.340	CR-S1-02	37,972	(38) (C)	7,237	0
Class Reduction Grant	84.340	CR-S1-00	27,938	(1,819) (C)	0	0
<i>Total Class Reduction Grant</i>				<u>(1,857)</u>	<u>7,237</u>	<u>0</u>
Assistive Technology Infusion Project	84.352	AT-S2-03	4,563	4,563	4,333	0
Assistive Technology Infusion Project - Round 3	84.352	AT-S3-02	19,700	19,700	19,700	0
<i>Total Assistive Technology Project</i>				<u>24,263</u>	<u>24,033</u>	<u>0</u>
Total U.S. Department of Education				<u>241,851</u>	<u>343,900</u>	<u>0</u>
U.S. Department of Health & Human Services						
(Passed Through Ohio Department of MRDD):						
Medical Assistance Program/CAFS	93.778		13,848	13,848	13,848	0
Total U.S. Department of Health & Human Services				<u>13,848</u>	<u>13,848</u>	<u>0</u>
U. S. Department of Agriculture						
(Passed Through State Department of Education):						
Nutrition Cluster:						
Food Distribution Program (A)	10.550			43,326	0	50,933
School Breakfast Program	10.553		18,388	18,388	18,388	0
National School Lunch Program (B)	10.555		137,727	137,727	137,727	0
Total U.S. Department of Agriculture: Nutrition Cluster				<u>199,441</u>	<u>156,115</u>	<u>50,933</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$ 455,140</u>	<u>\$ 513,863</u>	<u>\$ 50,933</u>

(*) Denotes a major program.
(A) Government commodities are reported at the fair market value of the commodities received and disbursed.
(B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.
(C) Refund of prior year receipts subtracted from the receipts column.

**WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , SECTION .505
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

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

2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

None noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted

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**Auditor of State
Betty Montgomery**

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WELLINGTON EXEMPTED VILLAGE SCHOOL DISTRICT

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 29, 2004**