



Mary Taylor, CPA
Auditor of State

VILLAGE OF WELLSVILLE
COLUMBIANA COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Wellsville
Columbiana County
1200 Main Street
Wellsville, Ohio 43968

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wellsville, Columbiana County, Ohio (the Village), as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village'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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wellsville, Columbiana County, Ohio, as of December 31, 2007 and December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General and Fire Levy thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2009, on our consideration of the Village'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.

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

February 5, 2009

Village of Wellsville
Columbiana County
Statement of Net Assets - Cash Basis
December 31, 2007

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$666,253	\$581,400	\$1,247,653
<i>Total Assets</i>	<u>\$666,253</u>	<u>\$581,400</u>	<u>\$1,247,653</u>
Net Assets			
Restricted for:			
Capital Projects	\$182,157	\$0	\$182,157
Permanent Fund Purpose			
Expendable	2,833	0	2,833
Nonexpendable	35,398	0	35,398
Other Purposes	111,664	581,400	693,064
Unrestricted	334,201	0	334,201
<i>Total Net Assets</i>	<u>\$666,253</u>	<u>\$581,400</u>	<u>\$1,247,653</u>

See accompanying notes to the basic financial statements

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Village of Wellsville
Columbiana County
Statement of Net Assets - Cash Basis
December 31, 2006

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$595,865	\$526,124	\$1,121,989
Investments	35,000	0	35,000
<i>Total Assets</i>	<u>\$630,865</u>	<u>\$526,124</u>	<u>\$1,156,989</u>
Net Assets			
Restricted for:			
Capital Projects	\$232,889	\$0	\$232,889
Permanent Fund Purpose			
Expendable	1,436	0	1,436
Nonexpendable	35,000	0	35,000
Other Purposes	253,597	0	253,597
Unrestricted	<u>107,943</u>	<u>526,124</u>	<u>634,067</u>
<i>Total Net Assets</i>	<u>\$630,865</u>	<u>\$526,124</u>	<u>\$1,156,989</u>

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$420,925	\$70,317	\$0	\$0
Security of Persons and Property	811,672	0	0	0
Public Health Services	80,822	65,489	0	0
Leisure Time Activities	9,356	0	0	0
Community Environment	11,644	4,410	0	0
Transportation	190,864	0	182,515	30
Capital Outlay	90,546	0	0	0
<i>Total Governmental Activities</i>	1,615,829	140,216	182,515	30
Business Type Activity				
Sewage Disposal	270,765.00	326,828.00	0	821
Sewage Update	415,179	267,109	146,462	0
<i>Total Business Type Activities</i>	685,944	593,937	146,462	821
Total	\$2,301,773	\$734,153	\$328,977	\$851

General Receipts

Property Taxes Levied for:

 General Purposes

 Municipal Income Taxes

 Other Taxes

Grants and Entitlements not Restricted to Specific Programs

Interest

Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$350,608)	\$0	(\$350,608)
(811,672)	0	(811,672)
(15,333)	0	(15,333)
(9,356)	0	(9,356)
(7,234)	0	(7,234)
(8,319)	0	(8,319)
<u>(90,546)</u>	<u>0</u>	<u>(90,546)</u>
(1,293,068)	0	(1,293,068)
0	56,884	56,884
<u>0</u>	<u>(1,608)</u>	<u>(1,608)</u>
0	55,276	55,276
<u>(1,293,068)</u>	<u>55,276</u>	<u>(1,237,792)</u>
435,091	0	435,091
518,417	0	518,417
36,830	0	36,830
212,630	0	212,630
68,936	0	68,936
<u>55,600</u>	<u>0</u>	<u>55,600</u>
<u>1,327,504</u>	<u>0</u>	<u>1,327,504</u>
34,436	55,276	89,712
<u>631,817</u>	<u>526,124</u>	<u>1,157,941</u>
<u>\$666,253</u>	<u>\$581,400</u>	<u>\$1,247,653</u>

Village of Wellsville
Columbiana County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$433,842	\$81,195	\$2,358	0
Security of Persons and Property	773,881	0	0	0
Public Health Services	83,141	38,758	0	0
Leisure Time Activities	25,833	0	0	0
Community Environment	85,478	3,123	0	0
Basic Utility Services	1,977	7,397	0	0
Transportation	134,673	0	185,321	10
Capital Outlay	42,077	0	0	0
Debt Service:				
Principal Retirement	128,000	0	0	0
Interest and Fiscal Charges	6,063	0	0	0
<i>Total Governmental Activities</i>	1,714,965	130,473	187,679	10
Business Type Activity				
Sewage Disposal	308,779.00	327,295.00	0	567
Sewage Update	405,462	275,695	143,346	0
<i>Total Business Type Activities</i>	714,241	602,990	143,346	567
Total	\$2,429,206	\$733,463	\$331,025	\$577

General Receipts

Property Taxes Levied for:
 General Purposes
Municipal Income Taxes
Other Taxes
Grants and Entitlements not Restricted to Specific Programs
Other Debt Proceeds
Sale of Capital Assets
Interest
Miscellaneous

Total General Receipts

Special Item

Total General Receipts and Special Item

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$350,289)	\$0	(\$350,289)
(773,881)	0	(773,881)
(44,383)	0	(44,383)
(25,833)	0	(25,833)
(82,355)	0	(82,355)
5,420	0	5,420
50,658	0	50,658
(42,077)	0	(42,077)
(128,000)	0	(128,000)
(6,063)	0	(6,063)
(1,396,803)	0	(1,396,803)
0	19,082	19,082
0	15,579	15,579
0	34,661	34,661
(1,396,803)	34,661	(1,362,142)
407,382	0	407,382
415,524	0	415,524
35,491	0	35,491
218,078	0	218,078
0	4,599	4,599
363,908	0	363,908
33,325	0	33,325
31,779	0	31,779
1,505,487	4,599	1,510,086
9,130	0	9,130
1,514,617	4,599	1,519,216
117,814	39,260	157,074
513,051	486,864	999,915
<u>\$630,865</u>	<u>\$526,124</u>	<u>\$1,156,989</u>

Village of Wellsville
Columbiana County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Fire Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$171,279	\$24,783	\$182,158	\$288,033	\$666,253
<i>Total Assets</i>	<u>\$171,279</u>	<u>\$24,783</u>	<u>\$182,158</u>	<u>\$288,033</u>	<u>\$666,253</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$2,879	\$688	\$0	\$1,321	\$4,888
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	168,400	0	0	0	168,400
Special Revenue Funds	0	24,095	0	248,482	272,577
Capital Projects Funds	0	0	182,158	0	182,158
Permanent Fund	0	0	0	38,230	38,230
<i>Total Fund Balances</i>	<u>\$171,279</u>	<u>\$24,783</u>	<u>\$182,158</u>	<u>\$288,033</u>	<u>\$666,253</u>

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$107,943	\$487,922	\$595,865
Investments	0	35,000	35,000
<i>Total Assets</i>	<u>\$107,943</u>	<u>\$522,922</u>	<u>\$630,865</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$3,800	\$2,734	\$6,534
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	104,143	0	104,143
Special Revenue Funds	0	250,863	250,863
Capital Projects Funds	0	232,889	232,889
Permanent Fund	0	36,436	36,436
<i>Total Fund Balances</i>	<u>\$107,943</u>	<u>\$522,922</u>	<u>\$630,865</u>

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Fire Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$512,417	\$0	\$6,000	\$0	\$518,417
Property and Other Local Taxes	93,110	153,748	0	111,717	358,575
Charges for Services	1,482	0	0	65,489	66,971
Fines, Licenses and Permits	106,985	0	0	3,473	110,458
Intergovernmental	190,510	33,096	0	248,055	471,661
Special Assessments	0	0	0	30	30
Interest	67,142	0	0	1,794	68,936
Miscellaneous	38,356	1,300	0	15,561	55,217
<i>Total Receipts</i>	<u>1,010,002</u>	<u>188,144</u>	<u>6,000</u>	<u>446,119</u>	<u>1,650,265</u>
Disbursements					
Current:					
General Government	420,925	0	0	0	420,925
Security of Persons and Property	467,145	205,922	0	138,605	811,672
Public Health Services	0	0	0	80,822	80,822
Leisure Time Activities	9,356	0	0	0	9,356
Community Environment	0	0	0	11,644	11,644
Transportation	0	0	0	190,864	190,864
Capital Outlay	0	0	81,731	8,815	90,546
<i>Total Disbursements</i>	<u>897,426</u>	<u>205,922</u>	<u>81,731</u>	<u>430,750</u>	<u>1,615,829</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>112,576</u>	<u>(17,778)</u>	<u>(75,731)</u>	<u>15,369</u>	<u>34,436</u>
Other Financing Sources (Uses)					
Transfers In	0	0	25,000	0	25,000
Transfers Out	(25,000)	0	0	0	(25,000)
Advance In	0	25,000	0	0	25,000
Advances Out	(25,000)	0	0	0	(25,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	62,576	7,222	(50,731)	15,369	34,436
<i>Fund Balances Beginning of Year</i>	<u>108,703</u>	<u>17,561</u>	<u>232,889</u>	<u>272,664</u>	<u>631,817</u>
<i>Fund Balances End of Year</i>	<u>\$171,279</u>	<u>\$24,783</u>	<u>\$182,158</u>	<u>\$288,033</u>	<u>\$666,253</u>

See accompanying notes to the basic financial statements

**Village of Wellsville
Columbiana County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006*

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Municipal Income Taxes	\$398,525	\$17,000	\$415,525
Property and Other Local Taxes	101,544	249,314	350,858
Charges for Services	530	46,160	46,690
Fines, Licenses and Permits	115,377	4,169	119,546
Intergovernmental	114,600	347,819	462,419
Interest	31,554	1,771	33,325
Miscellaneous	19,250	11,489	30,739
<i>Total Receipts</i>	<u>781,380</u>	<u>677,722</u>	<u>1,459,102</u>
Disbursements			
Current:			
General Government	433,843	0	433,843
Security of Persons and Property	406,007	367,874	773,881
Public Health Services	0	83,141	83,141
Leisure Time Activities	25,833	0	25,833
Community Environment	0	85,478	85,478
Basic Utility Services	0	1,977	1,977
Transportation	0	134,673	134,673
Capital Outlay	0	42,077	42,077
Debt Service:			
Principal Retirement	0	128,000	128,000
Interest and Fiscal Charges	0	6,063	6,063
<i>Total Disbursements</i>	<u>865,683</u>	<u>849,283</u>	<u>1,714,966</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(84,303)</u>	<u>(171,561)</u>	<u>(255,864)</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	363,908	0	363,908
Transfers In	24,138	374,641	398,779
Transfers Out	(373,908)	(24,871)	(398,779)
Advance In	27,000	25,000	52,000
Advances Out	(25,000)	(27,000)	(52,000)
Other Financing Sources	0	630	630
<i>Total Other Financing Sources (Uses)</i>	<u>16,138</u>	<u>348,400</u>	<u>364,538</u>
Special and Extraordinary Items			
Special Item - Proceeds from Sale of Land	0	9,130	9,130
<i>Net Change in Fund Balances</i>	(68,165)	185,969	117,804
<i>Fund Balances Beginning of Year</i>	<u>176,108</u>	<u>336,943</u>	<u>513,051</u>
<i>Fund Balances End of Year</i>	<u>\$107,943</u>	<u>\$522,912</u>	<u>\$630,855</u>

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$475,000	\$475,000	\$512,417	\$37,417
Property and Other Local Taxes	104,996	104,996	93,110	(11,886)
Charges for Services	1,432	1,432	1,482	50
Fines, Licenses and Permits	99,865	99,865	106,985	7,120
Intergovernmental	187,620	187,620	190,510	2,890
Interest	55,475	55,475	67,142	11,667
Miscellaneous	37,896	37,896	38,355	459
<i>Total receipts</i>	<u>962,284</u>	<u>962,284</u>	<u>1,010,001</u>	<u>47,717</u>
Disbursements				
Current:				
General Government	412,884	486,262	421,967	64,295
Security of Persons and Property	410,366	479,641	468,981	10,660
Leisure Time Activities	18,650	15,265	9,356	5,909
<i>Total Disbursements</i>	<u>841,900</u>	<u>981,168</u>	<u>900,304</u>	<u>80,864</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>120,384</u>	<u>(18,884)</u>	<u>109,697</u>	<u>128,581</u>
Other Financing Sources (Uses)				
Transfers Out	0	(35,000)	(25,000)	10,000
Advances Out	0	(25,000)	(25,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(60,000)</u>	<u>(50,000)</u>	<u>10,000</u>
<i>Net Change in Fund Balance</i>	120,384	(78,884)	59,697	138,581
<i>Fund Balance Beginning of Year</i>	104,903	104,903	104,903	0
Prior Year Encumbrances Appropriated	3,800	3,800	3,800	0
<i>Fund Balance End of Year</i>	<u>\$229,087</u>	<u>\$29,819</u>	<u>\$168,400</u>	<u>\$138,581</u>

See accompanying notes to the basic financial statements

**Village of Wellsville
Columbiana County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis*

General Fund

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$411,021	\$411,021	\$398,525	(\$12,496)
Property and Other Local Taxes	90,938	90,938	101,544	10,606
Charges for Services	0	0	530	530
Fines, Licenses and Permits	77,500	77,500	115,377	37,877
Intergovernmental	121,112	121,112	114,600	(6,512)
Interest	10,963	10,963	31,554	20,591
Miscellaneous	0	0	19,250	19,250
<i>Total receipts</i>	<u>711,534</u>	<u>711,534</u>	<u>781,380</u>	<u>69,846</u>
Disbursements				
Current:				
General Government	371,072	468,175	435,106	33,069
Security of Persons and Property	400,119	419,093	408,543	10,550
Leisure Time Activities	25,150	30,555	25,833	4,722
<i>Total Disbursements</i>	<u>796,341</u>	<u>917,823</u>	<u>869,482</u>	<u>48,341</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(84,807)</u>	<u>(206,289)</u>	<u>(88,102)</u>	<u>118,187</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	363,908	363,908	0
Transfers In	0	51,138	24,138	(27,000)
Transfers Out	(20,000)	(377,926)	(373,908)	4,018
Advances In	0	0	27,000	27,000
Advances Out	(20,000)	(25,000)	(25,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(40,000)</u>	<u>12,120</u>	<u>16,138</u>	<u>4,018</u>
<i>Net Change in Fund Balance</i>	<u>(124,807)</u>	<u>(194,169)</u>	<u>(71,964)</u>	<u>122,205</u>
<i>Fund Balance Beginning of Year</i>	172,873	172,873	172,873	0
Prior Year Encumbrances Appropriated	3,235	3,235	3,235	0
<i>Fund Balance End of Year</i>	<u>\$51,301</u>	<u>(\$18,061)</u>	<u>\$104,144</u>	<u>\$122,205</u>

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Levy Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	156,635	156,635	153,748	(2,887)
Intergovernmental	20,000	20,000	33,095	13,095
Miscellaneous	0	0	1,300	1,300
<i>Total receipts</i>	<u>176,635</u>	<u>176,635</u>	<u>188,143</u>	<u>11,508</u>
Disbursements				
Current:				
Security of Persons and Property	201,344	219,016	206,610	12,406
<i>Total Disbursements</i>	<u>201,344</u>	<u>219,016</u>	<u>206,610</u>	<u>12,406</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,709)</u>	<u>(42,381)</u>	<u>(18,467)</u>	<u>23,914</u>
Other Financing Sources (Uses)				
Transfers In	25,000	25,000	0	(25,000)
Advances Out	0	0	25,000	25,000
<i>Total Other Financing Sources (Uses)</i>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	291	(17,381)	6,533	23,914
<i>Fund Balance Beginning of Year</i>	16,578	16,578	16,578	0
Prior Year Encumbrances Appropriated	984	984	984	0
<i>Fund Balance End of Year</i>	<u>\$17,853</u>	<u>\$181</u>	<u>\$24,095</u>	<u>\$23,914</u>

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2007

	Business-Type Activities		
	Sewage Disposal Fund	Sewage Update Fund	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$101,837	\$479,563	\$581,400
<i>Total Assets</i>	<u>\$101,837</u>	<u>\$479,563</u>	<u>\$581,400</u>
Net Assets			
Restricted for:			
Other Purposes	<u>101,837</u>	<u>479,563</u>	<u>\$581,400</u>
Total Net Assets	<u>\$101,837</u>	<u>\$479,563</u>	<u>\$581,400</u>

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2006

	Business-Type Activities		
	Sewage Update Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$481,171	\$44,953	\$526,124
<i>Total Assets</i>	<u>\$481,171</u>	<u>\$44,953</u>	<u>\$526,124</u>
Net Assets			
Unrestricted	481,171	44,953	526,124
Total Net Assets	<u>\$481,171</u>	<u>\$44,953</u>	<u>\$526,124</u>

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis*
Proprietary Funds
For the Year Ended December 31, 2007

	Business-Type Activities		
	Sewage Update Fund	Sewage Disposal Fund	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$267,109	\$326,828	\$593,937
<i>Total Operating Receipts</i>	<u>267,109</u>	<u>326,828</u>	<u>593,937</u>
Operating Disbursements			
Personal Services	0	13,134	13,134
Fringe Benefits	0	2,726	2,726
Contractual Services	53,784	248,546	302,330
Materials and Supplies	1,161	1,796	2,957
Other	1,487	1,817	3,304
<i>Total Operating Disbursements</i>	<u>56,432</u>	<u>268,019</u>	<u>324,451</u>
<i>Operating Income (Loss)</i>	210,677	58,809	269,486
Non-Operating Receipts (Disbursements)			
Intergovernmental	146,462	0	146,462
Special Assessments	0	821	821
Capital Outlay	(285,032)	0	(285,032)
Principal Payments	(59,905)	(2,177)	(62,082)
Interest and Fiscal Charges	(13,810)	(569)	(14,379)
<i>Change in Net Assets</i>	(1,608)	56,884	55,276
<i>Net Assets Beginning of Year</i>	<u>481,171</u>	<u>44,953</u>	<u>526,124</u>
<i>Net Assets End of Year</i>	<u><u>\$479,563</u></u>	<u><u>\$101,837</u></u>	<u><u>\$581,400</u></u>

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis*
Proprietary Funds
For the Year Ended December 31, 2006

	Business-Type Activities		
	Sewage Update Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$275,694	\$327,290	\$602,984
Other Operating Receipts	0	5	5
<i>Total Operating Receipts</i>	<u>275,694</u>	<u>327,295</u>	<u>602,989</u>
Operating Disbursements			
Personal Services	0	12,303	12,303
Fringe Benefits	0	1,661	1,661
Contractual Services	154,927	260,432	415,359
Materials and Supplies	4,421	402	4,823
Other	1,320	1,714	3,034
<i>Total Operating Disbursements</i>	<u>160,668</u>	<u>276,512</u>	<u>437,180</u>
<i>Operating Income (Loss)</i>	115,026	50,783	165,809
Non-Operating Receipts (Disbursements)			
Other Debt Proceeds	4,600	0	4,600
Intergovernmental	145,346	0	145,346
Special Assessments	0	567	567
Capital Outlay	(170,341)	0	(170,341)
Principal Payments	(59,623)	(29,852)	(89,475)
Interest and Fiscal Charges	(14,830)	(2,416)	(17,246)
<i>Change in Net Assets</i>	20,178	19,082	39,260
<i>Net Assets Beginning of Year</i>	<u>460,993</u>	<u>25,871</u>	<u>486,864</u>
<i>Net Assets End of Year</i>	<u><u>\$481,171</u></u>	<u><u>\$44,953</u></u>	<u><u>\$526,124</u></u>

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$185
Investments	<u>0</u>
<i>Total Assets</i>	<u><u>\$185</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u>185</u>
Total Net Assets	<u><u>\$185</u></u>

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2006

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$185
Investments	<u>0</u>
<i>Total Assets</i>	<u><u>\$185</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u>185</u>
Total Net Assets	<u><u>\$185</u></u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

Village of Wellsville is a home rule corporation formed under the laws of the State of Ohio. The decision making process is directed by an elected Village council and Mayor.

The Mayor, elected by the voters for a four-year term, is the head of the government for ceremonial, administrative, and executive purposes, performs the judicial functions of the Village and presides at Council meetings. The chief conservator of the peace, he oversees the enforcement of all laws and ordinances. He also appoints all department heads and executes all contracts, conveyances, and evidences of indebtedness of the Village.

Legislative authority is vested in a six member council elected at large and serves a term of four years. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money, and accepts bids for materials and services and other Village purposes.

A reporting entity is comprised of primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Village consists of all funds, agencies, departments, and offices that are not legally separate from the Village. For Wellsville Village this includes the departments and agencies that provide the following services: police and fire protection, parks, recreation, street maintenance, and mayor's court.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Note 2 – Summary of Significant Accounting Policies - (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investment balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

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

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Fire Levy and Capital Improvement. 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 to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The Fire Levy Fund is used to account for the property tax revenue collected for firefighting services. The Capital Improvement Fund is used to account for income taxes. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Note 2 – Summary of Significant Accounting Policies - (continued)

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Sewage Disposal Fund and the Sewage Update Fund.

Sewage Disposal Fund - The sewage disposal fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the Village.

Sewage Update Fund - The sewage update fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency fund accounts for unclaimed monies.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

Note 2 – Summary of Significant Accounting Policies - (continued)

D. Budgetary Process-(Continued)

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

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

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the Village's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Village are presented on the financial statements as cash equivalents.

During the fiscal years under audit the Village invested in nonnegotiable certificates of deposit and STAR Ohio. Nonparticipating investment contracts such as nonnegotiable certificates of deposits are reported at cost.

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 December 31, 2007.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$67,142, all of which was assigned from other Village funds. Interest receipts credited to the General Fund during 2006 was \$31,554, all of which was assigned from other Village funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets are comprised of those fund balances in the Village's major funds and other funds, excluding the General Fund. Those assets are restricted for use within the respective funds. The total restricted amount for all funds under these constraints was \$913,454 and \$522,922 for 2007 and 2006, respectively.

Note 2 – Summary of Significant Accounting Policies - (continued)

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Note 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net 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. Net assets restricted for other purposes include resources restricted for ambulance, fire and police protection, road improvements and maintenance, recycling and street lighting.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 2 – Summary of Significant Accounting Policies - (continued)

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Compliance

A. Compliance

The Village did not properly certify disbursements as required by Ohio Revised Code Section 5705.41(D).

The Village had large variances between budgetary and actual receipts as required by Ohio Revised Code Section 5705.36 (A)(2).

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and fire levy fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at December 31, 2007 (budgetary basis) amounted to \$2,878 for the general fund and \$618 for the fire levy fund. The encumbrances outstanding at December 31, 2006 (budgetary basis) amounted to \$3,800 for the general fund and \$2,734 for the other governmental funds.

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village 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 Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Village of Wellsville
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Deposits and Investments - (continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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 Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At December 31, 2007 and 2006, the Village had \$550 in undeposited cash on hand which is included as part of "Cash" or "*Equity in Pooled Cash and Cash Equivalents*" on the financial statements.

Deposits

Custodial Credit Risk: Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007 and December 31, 2006, \$1,050,858 and \$997,986, respectively, of the Village's bank balances of \$1,286,257 and \$ 1,232,986, respectively, were exposed to custodial risk because those deposits were uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name. The securities are held at the Federal Reserve Bank in Cleveland, Ohio.

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

Village of Wellsville
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 - Deposits and Investments - (continued)

Investments

Investments are reported at fair value. As of December 31, 2007 and December 31, 2006 respectively, the Village had the following investments,

2007

	<u>Carrying Value</u>	<u>Maturity</u>
STAR OHIO	\$ 472,323	Less than Six Months

2006

	<u>Carrying Value</u>	<u>Maturity</u>
STAR OHIO	\$ 449,130	Less than Six Months

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAA by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Note 6 – Income Taxes

The Village levies a one percent income tax whose proceeds are placed into the General and Capital Improvement Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2007, the proceeds were allocated to the capital improvement fund up to \$12,000 the remaining proceeds go to the general fund.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2006 and 2007 represent the collection of 2005 and 2006 taxes, respectively. Real property taxes received in 2006 and 2007 were levied after October 1, 2005 and 2006, on the assessed values as of January 1, 2005 and 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Village of Wellsville
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 7 – Property Taxes - (continued)

Public utility property tax receipts received in 2006 and 2007 represent the collection of 2005 and 2006 taxes. Public utility real and tangible personal property taxes received in 2006 and 2007 became a lien on December 31, 2005 and 2006, were levied after October 1, 2005 and 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 and 2007 (other than public utility property) represent the collection of 2006 and 2007 taxes. Tangible personal property taxes received in 2006 and 2007 were levied after October 1, 2005 and 2006, on the true value as of December 31, 2005 and 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the years ended December 31, 2007 and 2006, were \$ per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

	2007	2006
Real Property	\$12,916,480	\$12,912,640
Residential/Agriculture	\$19,334,100	\$19,364,220
Tangible Personal Property	\$2,090,500	\$2,043,190
Public Utility	\$2,612,810	\$2,565,260
Total Assessed Value	\$36,953,890	\$36,858,310

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 8 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007, the Village contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
State Auto Insurance Company	Commercial Property	\$1,810,940
Westfield Insurance Company	Inland Marine	
	Contractor's	23,500
	Equipment	
	General	
	Aggregate	2,000,000
	Per Occurrence	1,000,000
	Fleet Vehicle	1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Village of Wellsville
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 8 – Risk Management - (continued)

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 9 – Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OP&F participants contributed 10% of their wages. For 2007 and 2006, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

Note 10 – Debt

The original issue date, maturity date, interest rate and original issuance amount for each of the Village's loans follows:

	Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<i>Business-Type Activities</i>				
<i>Ohio Water Development Loans</i>				
Wastewater Treatment Plant Improvements	2000	2018	2.20%	\$58,659
Loan for Unpaid Grant Balances	2001	2010	5.89	19,761
Wastewater Treatment Plant Improvements	1999	2018	2.20	756,271
Wastewater Treatment Plant Headworks Improvements	2003	2023	1.00	118,906
<i>Ohio Public Works Commission Loan</i>				
Wells Avenue Extended Sewer Improvement	2001	2022	0.00	125,689
Russell Heights Sewer Improvement	2001	2022	0.00	125,459
<i>US Department of Agriculture Loan</i>				
	2000	2019	4.75	162,000

Village of Wellsville
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 10 – Debt- (continued)

The changes in long-term obligations during the year were as follows:

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Amounts Due in One Year
<i>Business-Type Activities</i>					
OWDA Loans					
Wastewater Treatment Plant Improvements	\$42,011	\$0	(\$3,248)	\$38,763	\$3,320
Loan for Grant Balances	9,660	0	(2,209)	7,451	2,340
Wastewater Treatment Plant Improvements	541,629	0	(41,877)	499,752	42,804
Wastewater Treatment Plant Headworks Improvement	96,984	0	(5,619)	91,365	5,675
<i>Total OWDA Loans</i>	<u>690,284</u>	<u>0</u>	<u>(52,953)</u>	<u>637,331</u>	<u>54,139</u>
OPWC Loans					
Wells Avenue Extended Sewer Improvements	94,267	0	(6,284)	87,983	6,284
Russell Heights Sewer Improvement	94,095	0	(6,273)	87,822	6,273
<i>Total OPWC Loans</i>	<u>188,362</u>	<u>0</u>	<u>(12,557)</u>	<u>175,805</u>	<u>12,557</u>
US Department of Agriculture Loan	\$121,400	0	(7,000)	114,400	7,300
<i>Total Business-Type Activities</i>	<u>\$1,000,046</u>	<u>\$0</u>	<u>(\$72,510)</u>	<u>\$927,536</u>	<u>\$66,696</u>

The OWDA loans, OPWC loans and the USDA loan will be paid from user charges.

A line of credit has been established with the Ohio Water Development Authority in the amounts of \$118,906 for the wastewater treatment plant Headworks Improvement. As of 12/31/07 the Village has drawn down \$117,043 from the Ohio Water Development Authority line of credit.

The Village's overall legal debt margin was \$2,853,513 with an unvoted debt margin of \$1,494,697 at December 31, 2007. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2007 are as follows:

Village of Wellsville
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 10 – Debt - (continued)

	USDA Loans		OWDA Loans		OPWC
	Principal	Interest	Principal	Interest	Loan Principal
2008	7,300	5,434	54,139	18,016	12,557
2009	7,600	5,087	54,996	14,086	12,557
2010	8,000	4,726	56,606	12,900	12,557
2011	8,400	4,346	55,080	11,682	12,557
2012	8,800	3,947	56,249	10,316	12,557
2013-2017	50,600	13,067	299,348	34,221	62,785
2018-2022	23,700	1,701	60,913	6,147	50,235
Total	<u>\$114,400</u>	<u>\$38,308</u>	<u>\$637,331</u>	<u>\$107,368</u>	<u>\$175,805</u>

Note 11 – Interfund Transfers

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Capital Improvement Fund	\$25,000
Total Transfers from the General Fund	<u>\$ 25,000</u>

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	<u>\$373,908</u>
Total Transfers from the General Fund	<u>\$373,908</u>
Transfers from Other Governmental Funds to:	
Other Governmental Funds	<u>\$ 733</u>
Total Transfers from other Governmental Funds	<u>\$ 733</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund and Other Governmental Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.



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*

Village of Wellsville
Columbiana County
1200 Main Street
Wellsville, Ohio 43968

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wellsville, Columbiana County (the Village) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated February 5, 2009. We noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village'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 Village'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 Village'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 Village'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 a certain matter that we reported to the Village's management in a separate letter dated February 5, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 that we must report under *Government Auditing Standards*.

We noted certain noncompliance or other matters that we reported to the Village's management in a separate letter dated February 5, 2009.

We intend this report solely for the information and use of the audit committee, management, and Village Council. 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

February 5, 2009

**VILLAGE OF WELLSVILLE
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 and 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Police Uniform Allowance	No	Not Corrected
2005-002	Ohio Revised Code 5705.39, appropriated amounts in excess of total certified resources.	Yes	Finding No Longer Valid.
2005-003	Ohio Revised Code 5705.41(B), expenditures plus encumbrance greater than appropriations.	Yes	Finding No Longer Valid.
2005-004	Ohio Revised Code 5705.41(D), failure to encumber funds.	No	Partially Corrected – See Management Letter



Mary Taylor, CPA
Auditor of State

VILLAGE OF WELLSVILLE

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 10, 2009