



Mary Taylor, CPA  
Auditor of State



**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To The Board of Education:

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Weathersfield Local School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of Weathersfield Local School District, Trumbull County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, the budgetary comparison for the General fund and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

**Mary Taylor, CPA**  
Auditor of State

March 30, 2009

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

The management's discussion and analysis of the Weathersfield Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets of governmental activities decreased \$471,343 which represents a 12.91% decrease from 2007.
- General revenues accounted for \$7,427,440 in revenue or 74.74% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,510,757 or 25.26% of total revenues of \$9,938,197.
- The District had \$10,409,540 in expenses related to governmental activities; \$2,510,757 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$7,427,440 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$8,500,931 in revenues and \$8,978,075 in expenditures and other financing uses. During fiscal year 2008, the general fund's fund balance decreased \$477,144 from \$1,838,174 to \$1,361,030.

**Using these Basic Financial Statements**

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

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

**Reporting the District as a Whole**

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

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

***Fund Financial Statements***

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

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

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

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The District's fiduciary activities are reported in a separate statement of fiduciary net assets on page 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 21-47 of this report.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)

**The District as a Whole**

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

The table below provides a summary of the District's net assets at June 30, 2008 and June 30, 2007.

	<b>Net Assets</b>	
	Governmental Activities <u>June 30, 2008</u>	Governmental Activities <u>June 30, 2007</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 6,890,956	\$ 7,203,356
Capital assets, net	<u>4,592,745</u>	<u>4,794,451</u>
Total assets	<u>11,483,701</u>	<u>11,997,807</u>
<b><u>Liabilities</u></b>		
Current liabilities	4,671,801	4,722,467
Long-term liabilities	<u>3,631,909</u>	<u>3,624,006</u>
Total liabilities	<u>8,303,710</u>	<u>8,346,473</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	1,802,407	1,770,063
Restricted	456,144	334,209
Unrestricted	<u>921,440</u>	<u>1,547,062</u>
Total net assets	<u>\$ 3,179,991</u>	<u>\$ 3,651,334</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$3,179,991. Of this total, \$456,144 is restricted in use.

At year-end, capital assets represented 39.99% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$1,802,407. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

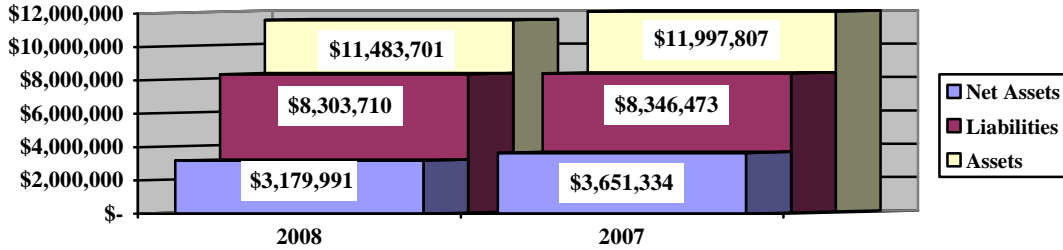
A portion of the District's net assets, \$456,144, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$921,440 may be used to meet the District's ongoing obligations to the students and creditors.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)

The graph below presents the District's assets, liabilities and net assets at June 30, 2008 and June 30, 2007.

**Governmental Activities**



The table below shows the change in net assets for fiscal years 2008 and 2007.

**Change in Net Assets**

	Governmental Activities 2008	Governmental Activities 2007
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,505,910	\$ 1,465,010
Operating grants and contributions	940,363	928,475
Capital grants and contributions	64,484	82,197
General revenues:		
Property taxes	3,400,478	3,505,404
Grants and entitlements	3,896,282	3,664,370
Investment earnings	106,685	111,805
Other	23,995	18,611
<b>Total revenues</b>	<b>9,938,197</b>	<b>9,775,872</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

**Change in Net Assets**

	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,516,214	\$ 4,139,986
Special	1,086,281	992,769
Other	390,412	343,338
Support services:		
Pupil	396,105	375,750
Instructional staff	230,491	199,348
Board of education	20,256	14,661
Administration	794,634	787,931
Fiscal	303,217	283,844
Business	10,675	12,477
Operations and maintenance	1,315,985	1,343,737
Pupil transportation	436,344	393,036
Central	9,000	9,000
Operations of non-instructional services:		
Food service operations	352,264	325,747
Other non-instructional services	359	349
Extracurricular activities	418,658	409,043
Interest and fiscal charges	<u>128,645</u>	<u>115,755</u>
Total expenses	<u>10,409,540</u>	<u>9,746,771</u>
Change in net assets	(471,343)	29,101
Net assets at beginning of year	<u>3,651,334</u>	<u>3,622,233</u>
Net assets at end of year	<u>\$ 3,179,991</u>	<u>\$ 3,651,334</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$471,343. Total governmental expenses of \$10,409,540 were offset by program revenues of \$2,510,757 and general revenues of \$7,427,440. Program revenues supported 24.12% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 73.42% of total governmental revenue.

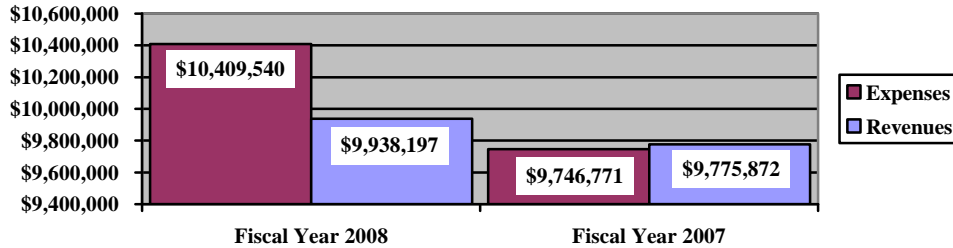
The largest expense of the District is for instructional programs. Instruction expenditures totaled \$5,992,907 or 57.57% of total governmental expenses for fiscal year 2008.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2008 and 2007.

**Governmental Activities - Revenues and Expenses**



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

**Governmental Activities**

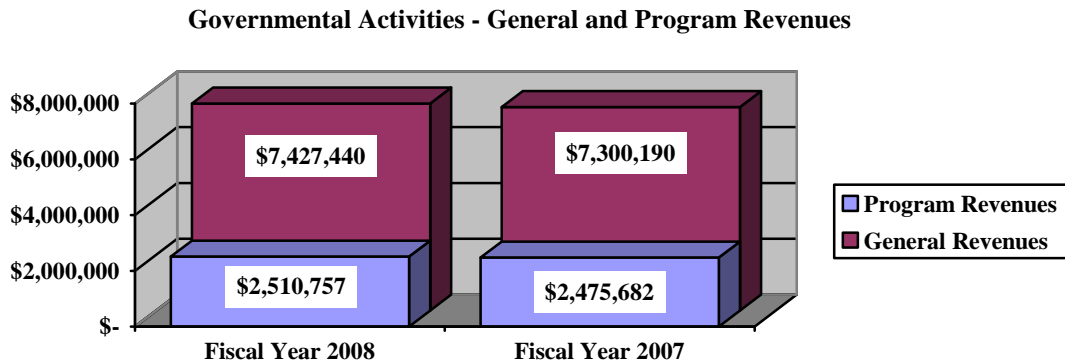
	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,516,214	\$ 3,350,469	\$ 4,139,986	\$ 2,980,648
Special	1,086,281	340,384	992,769	277,400
Other	390,412	386,451	343,338	339,453
Support services:				
Pupil	396,105	388,248	375,750	332,171
Instructional staff	230,491	221,476	199,348	195,668
Board of education	20,256	20,256	14,661	14,661
Administration	794,634	779,214	787,931	776,144
Fiscal	303,217	303,217	283,844	283,844
Business	10,675	10,675	12,477	12,477
Operations and maintenance	1,315,985	1,254,131	1,343,737	1,250,305
Pupil transportation	436,344	421,917	393,036	377,128
Central	9,000	-	9,000	-
Operations of non-instructional services:				
Food service operations	352,264	15,788	325,747	(6,473)
Other non-instructional services	359	359	349	349
Extracurricular activities	418,658	277,553	409,043	321,559
Interest and fiscal charges	128,645	128,645	115,755	115,755
<b>Total expenses</b>	<u>\$ 10,409,540</u>	<u>\$ 7,898,783</u>	<u>\$ 9,746,771</u>	<u>\$ 7,271,089</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)

The dependence upon tax and other general revenues for governmental activities is apparent, 68.04% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 75.88%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2008 and 2007.



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$1,819,928, which is lower than last year's balance of \$2,190,710. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and June 30, 2007.

	Fund Balance <u>June 30, 2008</u>	Fund Balance <u>June 30, 2007</u>	Increase/ (Decrease)	Percentage <u>Change</u>
General	\$ 1,361,030	\$ 1,838,174	\$ (477,144)	(25.96) %
Other Governmental	<u>458,898</u>	<u>352,536</u>	<u>106,362</u>	30.17 %
Total	<u>\$ 1,819,928</u>	<u>\$ 2,190,710</u>	<u>\$ (370,782)</u>	(16.93) %

**General Fund**

The District's general fund balance decreased \$477,144.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,172,273	\$ 3,751,082	\$ (578,809)	(15.43) %
Tuition	1,150,204	1,141,347	8,857	0.78 %
Earnings on investments	106,685	111,805	(5,120)	(4.58) %
Intergovernmental	4,068,280	3,863,825	204,455	5.29 %
Other revenues	<u>3,489</u>	<u>3,557</u>	<u>(68)</u>	<u>(1.91) %</u>
Total	<u>\$ 8,500,931</u>	<u>\$ 8,871,616</u>	<u>\$ (370,685)</u>	<u>(4.18) %</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 5,105,676	\$ 4,737,213	\$ 368,463	7.78 %
Support services	3,478,370	3,192,708	285,662	8.95 %
Non-instructional services	359	349	10	2.87 %
Extracurricular activities	226,787	243,291	(16,504)	(6.78) %
Facilities acquisition and construction	-	21,919	(21,919)	(100.00) %
Debt service	<u>101,793</u>	<u>102,740</u>	<u>(947)</u>	<u>(0.92) %</u>
Total	<u>\$ 8,912,985</u>	<u>\$ 8,298,220</u>	<u>\$ 614,765</u>	<u>7.41 %</u>

Overall revenues of the general fund decreased \$370,685 or 4.18%. The decrease in revenues can primarily be attributed to a decrease in tax revenue. Tax revenue decreased \$578,809 or 15.43%. This decrease is the result of overall decreases in tax receipts, mainly in tangible personal property taxes. Tangible personal property taxes are being phased out over the next two years. The increase in intergovernmental revenue is due primarily to an increase in tangible personal property loss reimbursement by the State.

Overall expenditures of the general fund increased \$614,765 or 7.41%. The increase in expenditures can primarily be attributed to an increase in instruction and support services. These increases are due to scheduled contract increases for certified and non-certified employees. All other expenditures remain comparable to fiscal year 2007.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2008, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,430,952. Final budgeted revenues and other financing sources were \$8,535,448. Actual revenues and other financing sources were \$8,535,448, which matched exactly to the final budget.

General fund original appropriations (appropriated expenditures including other financing uses) of \$8,534,129 were increased to \$8,976,478 in the final budget appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2008 were \$8,934,742, which is \$41,736 less than final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2008, the District had \$4,592,745 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2008 balances compared to June 30, 2007:

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

	Governmental Activities	
	2008	2007
Land	\$ 60,088	\$ 60,088
Land improvements	365,092	392,051
Building and improvements	3,202,804	3,350,903
Furniture and equipment	816,736	878,150
Vehicles	148,025	113,259
Total	\$ 4,592,745	\$ 4,794,451

The overall decrease in capital assets of \$201,706 is due to depreciation expense of \$348,951 exceeding capital outlays of \$150,217 and disposals of \$132,396 exceeding the accumulated depreciation on the disposals of \$129,424 in the fiscal year.

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

*Debt Administration*

At June 30, 2008, the District had \$1,325,338 in lease purchase agreements and \$1,465,000 in general obligation bonds outstanding. Of this total, \$225,562 is due within one year and \$2,564,776 is due within greater than one year. The following table summarizes the lease purchase agreements and bonds outstanding at June 30, 2008 and June 30, 2007.

**Outstanding Debt, at Year End**

	Governmental Activities <u>June 30, 2008</u>	Governmental Activities <u>June 30, 2007</u>
Lease purchase agreements	\$ 1,325,338	\$ 1,464,388
General obligation bonds	1,465,000	1,560,000
Total	\$ 2,790,338	\$ 3,024,388

At June 30, 2008, the District's overall legal debt margin was \$6,227,335, and an unvoted debt margin of \$81,657. See Note 10 to the basic financial statements for additional information on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

**Current Financial Related Activities**

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

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

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Laurena Rouan, Treasurer, Weathersfield Local School District, 3750 N. Main Street, Mineral Ridge, Ohio 44440.



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

STATEMENT OF NET ASSETS  
JUNE 30, 2008

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 2,814,344
Cash in segregated accounts . . . . .	6,315
Receivables:	
Taxes . . . . .	4,023,617
Accounts . . . . .	4,338
Intergovernmental . . . . .	1,720
Accrued interest . . . . .	265
Prepayments . . . . .	34,224
Materials and supplies inventory . . . . .	6,133
Capital assets:	
Land . . . . .	60,088
Depreciable capital assets, net . . . . .	4,532,657
Capital assets, net . . . . .	4,592,745
 Total assets. . . . .	 11,483,701
<b>Liabilities:</b>	
Accounts payable. . . . .	6,641
Accrued wages and benefits . . . . .	696,345
Pension obligation payable. . . . .	185,542
Intergovernmental payable . . . . .	56,172
Accrued interest payable . . . . .	19,645
Unearned revenue . . . . .	3,707,456
Long-term liabilities:	
Due within one year. . . . .	378,321
Due within more than one year . . . . .	3,253,588
 Total liabilities . . . . .	 8,303,710
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	1,802,407
Restricted for:	
Capital projects . . . . .	27,495
Debt service. . . . .	349,873
Locally funded programs . . . . .	78
State funded programs. . . . .	815
Federally funded programs. . . . .	573
Student activities. . . . .	77,310
Unrestricted . . . . .	921,440
 Total net assets . . . . .	 \$ 3,179,991

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 4,516,214	\$ 1,110,308	\$ 55,437	\$ -	\$ (3,350,469)
Special . . . . .	1,086,281	71,760	674,137	-	(340,384)
Other . . . . .	390,412	-	3,961	-	(386,451)
Support services:					
Pupil. . . . .	396,105	3,124	4,733	-	(388,248)
Instructional staff . . . . .	230,491	-	9,015	-	(221,476)
Board of education . . . . .	20,256	-	-	-	(20,256)
Administration. . . . .	794,634	10,420	5,000	-	(779,214)
Fiscal. . . . .	303,217	-	-	-	(303,217)
Business. . . . .	10,675	-	-	-	(10,675)
Operations and maintenance . . . . .	1,315,985	396	-	61,458	(1,254,131)
Pupil transportation. . . . .	436,344	-	11,401	3,026	(421,917)
Central . . . . .	9,000	-	9,000	-	-
Operation of non-instructional services:					
Food service operations . . . . .	352,264	170,832	165,644	-	(15,788)
Other non-instructional services . . . . .	359	-	-	-	(359)
Extracurricular activities. . . . .	418,658	139,070	2,035	-	(277,553)
Interest and fiscal charges . . . . .	128,645	-	-	-	(128,645)
<b>Total governmental activities . . . . .</b>	<b>\$ 10,409,540</b>	<b>\$ 1,505,910</b>	<b>\$ 940,363</b>	<b>\$ 64,484</b>	<b>(7,898,783)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	3,199,928
Debt service. . . . .	200,550
Grants and entitlements not restricted to specific programs. . . . .	
Investment earnings . . . . .	106,685
Miscellaneous . . . . .	23,995
<b>Total general revenues. . . . .</b>	<b>7,427,440</b>
 Change in net assets . . . . .	 (471,343)
 <b>Net assets at beginning of year . . . . .</b>	 <b>3,651,334</b>
 <b>Net assets at end of year . . . . .</b>	 <b>\$ 3,179,991</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 2,289,698	\$ 524,646	\$ 2,814,344
Cash in segregated accounts . . . . .	6,315	-	6,315
Receivables:			
Taxes . . . . .	3,873,189	150,428	4,023,617
Accounts . . . . .	2,379	1,959	4,338
Intergovernmental . . . . .	-	1,720	1,720
Accrued interest . . . . .	265	-	265
Prepayments . . . . .	34,224	-	34,224
Materials and supplies inventory . . . . .	-	6,133	6,133
Total assets . . . . .	<u>\$ 6,206,070</u>	<u>\$ 684,886</u>	<u>\$ 6,890,956</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 5,598	\$ 1,043	\$ 6,641
Accrued wages and benefits . . . . .	644,611	51,734	696,345
Compensated absences payable . . . . .	106,702	-	106,702
Pension obligation payable. . . . .	167,645	17,897	185,542
Intergovernmental payable. . . . .	52,099	4,073	56,172
Deferred revenue. . . . .	300,495	11,675	312,170
Unearned revenue. . . . .	3,567,890	139,566	3,707,456
Total liabilities . . . . .	<u>4,845,040</u>	<u>225,988</u>	<u>5,071,028</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	67,701	38,475	106,176
Reserved for materials and supplies inventory. . . . .	-	6,133	6,133
Reserved for prepayments . . . . .	34,224	-	34,224
Reserved for property tax unavailable for appropriation . . . . .	4,804	187	4,991
Reserved for debt service. . . . .	-	343,026	343,026
Unreserved, undesignated, reported in:			
General fund . . . . .	1,254,301	-	1,254,301
Special revenue funds. . . . .	-	28,952	28,952
Capital projects funds. . . . .	-	42,125	42,125
Total fund balances . . . . .	<u>1,361,030</u>	<u>458,898</u>	<u>1,819,928</u>
Total liabilities and fund balances . . . . .	<u>\$ 6,206,070</u>	<u>\$ 684,886</u>	<u>\$ 6,890,956</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2008

<b>Total governmental fund balances</b>	\$	1,819,928
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,592,745
Other long-term assets, such as taxes receivable, are not available to pay for current-period expenditures and therefore are deferred in the funds.		312,170
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(19,645)
Long-term liabilities, including bonds and lease-purchase agreements payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	\$	734,869
Lease-purchase agreements payable		1,325,338
General obligation bonds payable		1,465,000
		(3,525,207)
<b>Net assets of governmental activities</b>	<b>\$</b>	<b>3,179,991</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 3,172,273	\$ 201,067	\$ 3,373,340
Tuition. . . . .	1,150,204	-	1,150,204
Charges for services. . . . .	-	170,832	170,832
Earnings on investments. . . . .	106,685	1,104	107,789
Extracurricular. . . . .	-	152,614	152,614
Classroom materials and fees. . . . .	-	31,864	31,864
Other local revenues. . . . .	3,489	94,995	98,484
Intergovernmental - state. . . . .	4,068,280	138,555	4,206,835
Intergovernmental - federal . . . . .	-	642,770	642,770
Total revenue . . . . .	<u>8,500,931</u>	<u>1,433,801</u>	<u>9,934,732</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	4,100,521	95,495	4,196,016
Special. . . . .	614,743	461,815	1,076,558
Other. . . . .	390,412	-	390,412
Support services:			
Pupil. . . . .	380,902	13,252	394,154
Instructional staff . . . . .	198,175	25,185	223,360
Board of education . . . . .	20,256	-	20,256
Administration. . . . .	767,277	36,908	804,185
Fiscal . . . . .	300,171	3,325	303,496
Business . . . . .	10,675	-	10,675
Operations and maintenance. . . . .	1,327,590	-	1,327,590
Pupil transportation . . . . .	473,324	-	473,324
Central. . . . .	-	9,000	9,000
Operation of non-instructional services:			
Food service operations . . . . .	-	347,780	347,780
Other non-instructional services. . . . .	359	-	359
Extracurricular activities. . . . .	226,787	136,779	363,566
Debt service:			
Principal retirement . . . . .	61,000	173,050	234,050
Interest and fiscal charges . . . . .	40,793	89,940	130,733
Total expenditures . . . . .	<u>8,912,985</u>	<u>1,392,529</u>	<u>10,305,514</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(412,054)</u>	<u>41,272</u>	<u>(370,782)</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	65,090	65,090
Transfers (out). . . . .	(65,090)	-	(65,090)
Total other financing sources (uses) . . . . .	<u>(65,090)</u>	<u>65,090</u>	<u>-</u>
Net change in fund balances . . . . .	(477,144)	106,362	(370,782)
<b>Fund balances at beginning of year. . . . .</b>	<u>1,838,174</u>	<u>352,536</u>	<u>2,190,710</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,361,030</u>	<u>\$ 458,898</u>	<u>\$ 1,819,928</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**Net change in fund balances - total governmental funds** \$ (370,782)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 150,217	
Depreciation expense	(348,951)	
Total		(198,734)

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

Capital asset disposals	(132,396)	
Accumulated depreciation on disposals	129,424	
Total		(2,972)

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

Taxes	27,138	
Intergovernmental	(23,673)	
Total		3,465

Repayment of bond and lease-purchase agreements principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. Principal payments during the year were:

Bonds	95,000	
Lease-purchase agreements	139,050	
Total		234,050

Governmental funds report expenditures for interest when it is due.

In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the accrued interest on bonds. 2,088

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (138,458)

**Change in net assets of governmental activities** \$ (471,343)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 3,141,166	\$ 3,180,099	\$ 3,180,099	\$ -
Tuition . . . . .	1,136,123	1,150,204	1,150,204	-
Earnings on investments . . . . .	108,356	109,699	109,699	-
Other local revenues . . . . .	3,446	3,489	3,489	-
Intergovernmental - state . . . . .	4,018,474	4,068,280	4,068,280	-
<b>Total revenue . . . . .</b>	<b>8,407,565</b>	<b>8,511,771</b>	<b>8,511,771</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,851,991	4,051,651	3,999,149	52,502
Special . . . . .	573,485	603,210	603,210	-
Other . . . . .	371,054	390,287	390,287	-
Support services:				
Pupil . . . . .	361,588	380,330	380,329	1
Instructional staff . . . . .	188,856	198,645	198,645	-
Board of education . . . . .	19,405	20,411	20,411	-
Administration . . . . .	732,338	770,297	770,297	-
Fiscal . . . . .	290,110	305,147	305,147	-
Business . . . . .	11,435	12,028	12,028	-
Operations and maintenance . . . . .	1,306,716	1,374,447	1,374,447	-
Pupil transportation . . . . .	453,076	476,560	476,560	-
Operation of non-instructional services:				
Other non-instructional services . . . . .	341	359	359	-
Extracurricular activities . . . . .	224,668	236,313	236,990	(677)
Facilities acquisition and construction . . . . .	96,777	101,793	101,793	-
<b>Total expenditures . . . . .</b>	<b>8,481,839</b>	<b>8,921,478</b>	<b>8,869,652</b>	<b>51,826</b>
Excess of expenditures over revenues . . . . .	(74,274)	(409,707)	(357,881)	51,826
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	23,387	23,677	23,677	-
Transfers (out) . . . . .	(52,290)	(55,000)	(65,090)	(10,090)
<b>Total other financing sources (uses) . . . . .</b>	<b>(28,903)</b>	<b>(31,323)</b>	<b>(41,413)</b>	<b>(10,090)</b>
Net change in fund balance . . . . .	(103,177)	(441,030)	(399,294)	41,736
<b>Fund balance at beginning of year . . . . .</b>	<b>2,516,895</b>	<b>2,516,895</b>	<b>2,516,895</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>98,547</b>	<b>98,547</b>	<b>98,547</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 2,512,265</b>	<b>\$ 2,174,412</b>	<b>\$ 2,216,148</b>	<b>\$ 41,736</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2008

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 11,668
Total assets. . . . .	\$ 11,668
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 15
Due to students . . . . .	11,653
Total liabilities . . . . .	\$ 11,668

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

Weathersfield Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is governed by a locally elected five member Board of Education (the "Board") and provides educational services as mandated by State or federal agencies. The Board controls the District's three instructional/support facilities.

The District ranks as the 489<sup>th</sup> largest by total enrollment among the 896 public school districts and community schools in the State of Ohio. The District is staffed by 35 non-certified and 74 certified personnel to provide services to approximately 982 students and other community members.

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Northeast Ohio Management Information Network (NEOMIN)

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

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

Northeast Ohio Instructional Media Center (NEOIMC)

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

Region 12 Professional Development Center (the "Center")

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

*PUBLIC ENTITY RISK POOLS*

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Ohio School Plan

The Ohio School Plan (the "Plan") is a shared liability, property and fleet insurance risk pool which is governed by a board of thirteen school superintendents, business managers and treasurers. Harcum-Schuett, the insurance agency, has one board seat. OSBA, BASA, and OASBO executive directors serve as ex-officio members. Four hundred and fifty educational entities are served by the Plan. The Plan's board elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Plan. All Plan revenues are generated from charges for services. For more information, write to the Ohio School Plan, Harcum-Schuett Insurance Agency, Inc., 246 Sycamore Street, Columbus, Ohio 43206.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's major governmental fund:

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

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

*PROPRIETARY FUNDS*

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue on the governmental fund financial statements.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds except agency funds. The specific timetable for fiscal year 2008 is as follows:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

2. By no later than January 20, the board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2008.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2008. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

During fiscal year 2008, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), a repurchase agreement and nonnegotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2008.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$106,685, which includes \$17,003 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**G. Inventory**

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

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

**H. Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column on the statement of net assets. The District had no interfund loans outstanding at June 30, 2008.

**J. Compensated Absences**

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

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2008, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

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

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

**L. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, property tax revenue unavailable for appropriation and debt service. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**N. Prepayments**

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

**O. Estimates**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**P. Interfund Activity**

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 14) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2008 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 15,934
Miscellaneous state grants	51
Title I	15,898
Title VI	32
Improving teacher quality	4,972
Miscellaneous federal grants	9

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (State Treasury Asset Reserve of Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Cash on Hand**

At year-end, the District had \$120 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents."

**B. Cash in Segregated Accounts**

At fiscal year-end, \$5,732 was on deposit with Farmers National Bank for an athletic account and \$583 was on deposit with Farmers National Bank for a flower account. These amounts are included in the total amount of "Deposits with Financial Institutions".

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**C. Deposits with Financial Institutions**

At June 30, 2008, the carrying amount of all District deposits was \$2,092,313, exclusive of the \$739,893 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$2,008,548 of the District's bank balance of \$2,111,149 was exposed to custodial risk as discussed below, while \$102,601 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**D. Investments**

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment types</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
Repurchase agreement	\$ 739,893	\$ 739,893
STAR Ohio	<u>1</u>	<u>1</u>
Total	<u>\$ 739,894</u>	<u>\$ 739,894</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$739,893 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

<u>Investment types</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreement	\$ 739,893	100.00
STAR Ohio	<u>1</u>	<u>0.00</u>
Total	<u>\$ 739,894</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,092,313
Investments	739,894
Cash on hand	<u>120</u>
Total	<u>\$ 2,832,327</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 2,820,659
Agency fund	<u>11,668</u>
Total	<u>\$ 2,832,327</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	
General fund	\$ 65,090

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

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property was assessed at 12.50% for property, including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available as an advance at June 30, 2008 was \$4,804 in the general fund and \$187 in the debt service fund (a nonmajor governmental fund). This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2007 was \$12,629 in the general fund and \$564 in the debt service fund (a nonmajor governmental fund).

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and public utility/minerals real estate	\$ 62,778,520	60.18	\$ 64,042,130	69.10
Commercial/industrial real estate	14,455,020	13.86	14,307,400	15.44
Public utility personal	4,629,010	4.44	3,659,940	3.95
Tangible personal property	<u>22,461,785</u>	<u>21.52</u>	<u>10,667,739</u>	<u>11.51</u>
Total	<u>\$ 104,324,335</u>	<u>100.00</u>	<u>\$ 92,677,209</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation				
General	\$53.85		\$52.70	
Debt service	1.65		1.50	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2008 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 4,023,617
Accounts	4,338
Intergovernmental	1,720
Accrued interest	<u>265</u>
Total	<u>\$ 4,029,940</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance</u> <u>06/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/08</u>
<b>Governmental activities</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 60,088	\$ -	\$ -	\$ 60,088
Total capital assets, not being depreciated	<u>60,088</u>	<u>-</u>	<u>-</u>	<u>60,088</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	892,290	-	-	892,290
Buildings and improvements	7,126,372	-	-	7,126,372
Furniture and equipment	3,275,241	84,075	(89,254)	3,270,062
Vehicles	541,173	66,142	(43,142)	564,173
Total capital assets, being depreciated	<u>11,835,076</u>	<u>150,217</u>	<u>(132,396)</u>	<u>11,852,897</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(500,239)	(26,959)	-	(527,198)
Buildings and improvements	(3,775,469)	(148,099)	-	(3,923,568)
Furniture and equipment	(2,397,091)	(142,517)	86,282	(2,453,326)
Vehicles	(427,914)	(31,376)	43,142	(416,148)
Total accumulated depreciation	<u>(7,100,713)</u>	<u>(348,951)</u>	<u>129,424</u>	<u>(7,320,240)</u>
Governmental activities capital assets, net	<u>\$ 4,794,451</u>	<u>\$ (198,734)</u>	<u>\$ (2,972)</u>	<u>\$ 4,592,745</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 203,462
Special	9,173
<u>Support services:</u>	
Pupil	1,951
Instructional staff	6,117
Administration	7,514
Fiscal	1,405
Operations and maintenance	10,292
Pupil transportation	28,605
Extracurricular activities	74,090
Food service operations	6,342
Total depreciation expense	<u>\$ 348,951</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 9 - LEASE-PURCHASE AGREEMENTS**

- A.** On June 28, 2001, the District entered into a lease-purchase agreement with the Weathersfield School Building Corporation (the "Corporation") for the financing of the reconstruction and improvement of the Joe Lane Sports Complex. The source of revenue to fund the principal and interest payments is derived from various donations, advertising and contributions from the District's general fund. During fiscal year 2008, the District made \$78,050 in principal payments on the lease-purchase agreement.

Capital assets consisting of land improvements and building improvements have been capitalized in the amount of \$950,000. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2008 was \$152,000, leaving a current book value of \$798,000.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2008.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 86,268
2010	86,268
2011	86,268
2012	86,268
2013	86,268
2014 - 2016	<u>230,362</u>
Total minimum lease payments	661,702
Less: amount representing interest	<u>(112,688)</u>
Total	<u>\$ 549,014</u>

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

- B.** On March 1, 2002, the District entered into a lease-purchase agreement with the Rickenbacker Port Authority (through the Ohio Association of School Business Officials (OASBO) Expanded Asset Pooled Financing Program) for building improvements throughout the District. National City Bank has been designated as trustee for the agreement. The source of revenue to fund the principal and interest payments is general operating revenues of the District. The District made \$61,000 in principal payments during fiscal year 2008. Principal and interest payments are recorded as debt service expenditures in the general fund.

Capital assets consisting of building improvements have been capitalized in the amount of \$1,095,324. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2008 was \$164,299, leaving a current book value of \$931,025.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2008.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 101,723
2010	101,505
2011	102,115
2012	101,554
2013	101,820
2014 - 2018	<u>479,059</u>
Total minimum lease payments	987,776
Less: amount representing interest	<u>(211,452)</u>
Total	<u>\$ 776,324</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2002, the District issued \$2,000,000 in general obligation bonds to provide funds for renovations and improvements to Seaburn Elementary. These bonds bear an annual interest rate of 2.10% and mature on December 1, 2021. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the government-wide financial statements. During fiscal year 2008 the District made \$95,000 in principal payments on the bonds. Payments of principal and interest relating to this bond are recorded as expenditures in the debt service fund (a nonmajor governmental fund). Interest payments are made on December 1 and June 1 each year.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2008, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 100,000	\$ 58,378	\$ 158,378
2010	105,000	54,635	159,635
2011	105,000	50,697	155,697
2012	110,000	46,558	156,558
2013	40,217	119,196	159,413
2014 - 2018	429,783	357,105	786,888
2019 - 2022	<u>575,000</u>	<u>56,168</u>	<u>631,168</u>
Total	<u>\$ 1,465,000</u>	<u>\$ 742,737</u>	<u>\$ 2,207,737</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**B.** During the fiscal year 2008, the following changes occurred in governmental activities long-term obligations:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>06/30/07</u>			<u>06/30/08</u>	<u>Due in</u>
					<u>One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 599,618	\$ 194,077	\$ (57,124)	\$ 736,571	\$ 100,259
Early retirement incentive	-	105,000	-	105,000	52,500
Lease-purchase agreements payable	1,464,388	-	(139,050)	1,325,338	125,562
General obligation bonds payable	<u>1,560,000</u>	<u>-</u>	<u>(95,000)</u>	<u>1,465,000</u>	<u>100,000</u>
Total long-term obligations, governmental activities	<u>\$ 3,624,006</u>	<u>\$ 299,077</u>	<u>\$ (291,174)</u>	<u>\$ 3,631,909</u>	<u>\$ 378,321</u>

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

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$6,227,335 (including available funds of \$343,213) and an unvoted debt margin of \$81,657.

**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for 25% of unused accumulated sick leave days up to 210 days plus 13% of sick leave days in excess of 210 days.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**B. Life Insurance**

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

**C. Early Retirement Incentive**

The District provides an early retirement incentive plan for State Teacher's Retirement System of Ohio (STRS Ohio) employees who are eligible for retirement under STRS Ohio guidelines and retire effective at the end of the 2008 school year. Employees who enroll in the early retirement incentive plan will receive two lump sum payments, twelve months apart, into a 403(b) Plan established by the Board on behalf of the retiring employee. The first lump-sum payment were made by November 1, 2008. Eight employees took advantage of the early retirement incentive in fiscal year 2008. A liability for the early retirement incentive payments has been recorded in the fund financial statements for the amount expected to be liquidated with expendable available financial resources. The entire liability is recorded on the statement of net assets.

**NOTE 12 - RISK MANAGEMENT**

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

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the District contracted with First Place Insurance for property insurance and inland marine coverage; and with Indiana Insurance for fleet and liability insurance. Coverages are as follows:

*Indiana Insurance provider for:*

Building and Contents - replacement cost (\$5,000 deductible)	\$31,130,647
Inland Marine Coverage (\$1,000 deductible)	
Boiler Insurance (\$1,000 deductible)	
Crime / Dishonesty Insurance (\$1,000 deductible)	25,000

*Ohio School Plan - Indiana Insurance provider for:*

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

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

	<u>Family Coverage</u>	<u>Single Coverage</u>
Medical and prescription drug	\$1,111.86	\$427.48
Vision	\$6.54	\$2.37
Dental	\$74.36	\$20.98

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

**C. Workers' Compensation**

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

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$96,925, \$102,601 and \$111,562, respectively; 50.09 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were \$526,414, \$503,442 and \$495,501, respectively; 83.17 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$4,642 made by the District and \$4,463 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$65,068, \$54,263 and \$37,893, respectively; 50.09 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$6,984, \$6,977 and \$8,879, respectively; 50.09 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$40,493, \$38,726 and \$38,115, respectively; 83.17 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (399,294)
Net adjustment for revenue accruals	(10,840)
Net adjustment for expenditure accruals	(111,517)
Net adjustment for other sources/uses	(23,677)
Adjustment for encumbrances	<u>68,184</u>
GAAP basis	<u>\$ (477,144)</u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 17 - STATUTORY RESERVES**

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>
Set-aside balance as of June 30, 2007	\$ (425,810)	\$ (2,000,000)
Current year set-aside requirement	156,412	156,412
Qualifying disbursements	<u>(179,253)</u>	<u>(383,124)</u>
Total	<u>\$ (448,651)</u>	<u>\$ (2,226,712)</u>
Balance carried forward to FY 2009	<u>\$ (448,651)</u>	<u>\$ (2,000,000)</u>

The District had qualifying disbursements during the fiscal year that reduced the textbook/instructional materials and capital acquisition set aside amounts to below zero. The amount in textbooks/instructional materials may be used to reduce the set-aside requirements of future years. Debt proceeds may be used to reduce the capital acquisition reserve until consumed. Excess qualifying disbursements for capital acquisition may not be used to reduce the set-aside requirements of future years.

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**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2008**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through The Ohio Department of Education.</i>						
Food Distribution Program	N/A	10.550		\$44,228		\$44,228
<b><i>Nutrition Cluster:</i></b>						
School Breakfast Program	05-PU 08	10.553	\$22,109		\$22,109	
National School Lunch Program	LL-P4-2008	10.555	134,003		134,003	
<b>Total -- Nutrition Cluster</b>			<u>156,112</u>		<u>156,112</u>	
<b>Total U.S. Department of Agriculture</b>			<u>156,112</u>	44,228	<u>156,112</u>	<u>44,228</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through The Ohio Department of Education.</i>						
Grants to Local Educational Agencies Title I School Subsidy	C1-S1 07 C1-S1 08	84.010	3,017 215,313		26,224 198,482	
<b>Subtotal -- Title I School Subsidy</b>			<u>218,330</u>		<u>224,706</u>	
<b><i>Special Education Grants Cluster:</i></b>						
Special Education Grants to States	6B-SF-2007 6B-SF-2008	84.027	28,737 209,508		65,830 208,347	
<b>Subtotal -- Special Ed. Cluster</b>			<u>238,245</u>		<u>274,177</u>	
<b>Title IV Safe and Drug Free Schools</b>	DR-S1-2008	84.186	4,569		4,569	
<b>Innovative Education Program Strategies</b>	C2-S1-2008	84.298	1,393		2,245	
<b>Title II - D Technology Literacy Challenge Grant</b>	TJ-S1-2008	84.318	2,190		2,190	
Title II - A Improving Teacher Quality State Grants	TR-S1-2007 TR-S1-2008	84.367	1,604 48,445		3,201 46,327	
<b>Subtotal -- Title II - A</b>			<u>50,049</u>		<u>49,528</u>	
<b>Total -- U.S. Department of Education</b>			<u>514,776</u>		<u>557,415</u>	
<b>Totals</b>			<u>\$670,888</u>	<u>\$44,228</u>	<u>\$713,527</u>	<u>\$44,228</u>

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B- FOOD DISTRIBUTION**

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

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

**NOTE C - MATCHING REQUIREMENTS**

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





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To The Board of Education:

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Weathersfield Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

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

We noted one matter that we reported to the District's management in a separate letter dated March 30, 2009.

### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated March 30, 2009.

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

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

**Mary Taylor, CPA**  
Auditor of State

March 30, 2009



# Mary Taylor, CPA

## Auditor of State

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

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

To The Board of Education:

#### Compliance

We have audited the compliance of Weathersfield Local School District, Trumbull County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Weathersfield Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008.

#### Internal Control Over Compliance

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

Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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



**Mary Taylor, CPA**  
Auditor of State

March 30, 2009

**WEATHERSFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008**

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

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

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

None

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

None





**Mary Taylor, CPA**  
Auditor of State

**WEATHERSFIELD LOCAL SCHOOL DISTRICT**  
**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**APRIL 16, 2009**