

WOODRIDGE LOCAL SCHOOL DISTRICT

SUMMIT COUNTY, OHIO

Audit Report

For the Year Ended June 30, 2018



OHIO AUDITOR OF STATE KEITH FABER



Board of Education
Woodridge Local School District
4411 Quick Road
Peninsula, Ohio 44264-9706

We have reviewed the *Independent Auditor's Report* of the Woodridge Local School District, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 8, 2019

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**WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY
AUDIT REPORT
For the Year Ending June 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

Woodridge Local School District
Summit County
4411 Quick Road
Peninsula, Ohio 44264

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodridge Local School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as our evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodridge Local School District, Summit County, Ohio, as of June 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, during the year ended June 30, 2018, the District adopted new guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of net pension liabilities, net postemployment liabilities, pension contributions and other postemployment contributions, listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

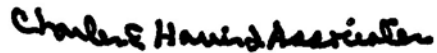
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards (the Schedule) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the financial statements.

The Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 28, 2018

Woodridge Local School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

This discussion and analysis of Woodridge Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- General revenues accounted for \$27,152,246 in revenue or 87.2 percent of all revenues. Program specific revenues in the form of charges for services; and operating grants, contributions and interest; accounted for \$3,993,260 or 12.8 percent of total revenues of \$31,145,506.
- The School District had \$17,287,173 in expenses related to governmental activities; program revenues offset only \$3,993,260 of these expenses. \$27,152,246 of general revenues was adequate to provide for these programs resulting in an increase in net position of \$13,858,333.
- At the end of the fiscal year, fund balance for the general fund was \$4,510,028 and the total fund balance decreased by \$1,487,206.
- The net pension and net other postemployment benefits (OPEB) liability combined decreased \$14,040,642 from 2017. This decrease is mainly due to better than expected investment returns by the public retirement systems.

Using this Annual Financial Report

This annual report consists of a series of financial statements, notes to those statements and the required supplementary information. These statements are organized so the reader can understand Woodridge Local School 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 position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 present how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant fund and all other nonmajor funds are presented in total in one column.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While these statements contain information about a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2018?" These statements include all non-fiduciary assets, liabilities, deferred outflows of resources and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies.

Woodridge Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in this position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School 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 School District's current 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 position and the statement of activities, the School District's activities are considered to be all governmental activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services (food service operations and community services) and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds Most of the School 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 statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps 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 position and the statement of activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the School District's net position increased \$13,858,333 from June 30, 2017.

Woodridge Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2018
 Unaudited

Table 1 provides a summary of the School District's net position for 2018 and 2017.

	Table 1 Net Position	
	Governmental Activities	
	2018	Restated 2017
Assets		
Current and other assets	\$ 40,927,098	\$ 62,331,968
Capital assets, net of depreciation	<u>41,434,399</u>	<u>18,910,790</u>
Total assets	<u>82,361,497</u>	<u>81,242,758</u>
Deferred outflows of resources		
Pension	10,121,377	8,950,746
OPEB	<u>355,347</u>	<u>69,297</u>
Total deferred outflows of resources	<u>10,476,724</u>	<u>9,020,043</u>
Liabilities		
Current and other liabilities	6,767,046	4,497,621
Long-term liabilities:		
Due within one year	2,318,673	2,323,856
Due in more than one year:		
Net pension liability	32,514,058	44,795,125
Net OPEB liability	7,547,738	9,307,313
Other amounts	<u>36,858,178</u>	<u>39,099,694</u>
Total liabilities	<u>86,005,693</u>	<u>100,023,609</u>
Deferred inflows of resources		
Property taxes	18,344,565	18,150,306
Payments in lieu of taxes	290,297	-
Pension	1,417,866	69,931
OPEB	<u>902,512</u>	<u>-</u>
Total deferred inflows of resources	<u>20,955,240</u>	<u>18,220,237</u>
Net Position		
Net investment in capital assets	8,363,359	7,339,102
Restricted	4,813,442	4,621,581
Unrestricted	<u>(27,299,513)</u>	<u>(39,941,728)</u>
Total net position	<u>\$ (14,122,712)</u>	<u>\$ (27,981,045)</u>

Woodridge Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Net investment in capital assets reported on the government-wide statements represent a large portion of the School District's net position for fiscal year 2018. Capital assets, which include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles are used to provide services to students and are not available for future spending. Although the School 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 School District's net position, \$4,813,442, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net position, \$4,118,213 is restricted for debt service payments, \$618,300 is restricted for capital projects, and \$76,929 is restricted for other purposes. The remaining balance of net position happens to be a deficit of \$27,299,513 and is unrestricted.

The net pension liability is the largest single liability reported by the School District at June 30, 2018. For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits other than pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). Users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

The School District's statements prepared on an accrual basis of accounting includes an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from (\$18,743,029) to (\$27,981,045).

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$69,297 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$1,056,084.

In addition to the negative expense reported for OPEB, the School District is reporting a negative expense in the amount of \$9,938,116 for significant changes in the net pension liability for fiscal year 2018.

Table 2 shows change in net position for fiscal years 2018 and 2017.

Woodridge Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Table 2
Change in Net Position

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues		
Program revenues:		
Charges for services	\$ 2,236,298	\$ 2,192,772
Operating grants, contributions and interest	1,756,962	1,773,358
General revenues:		
Property taxes	20,717,999	18,866,460
Grants and entitlements	5,204,139	5,574,121
Investment earnings	393,007	261,957
Miscellaneous	126,209	164,418
Payments in lieu of taxes	405,707	537,629
Gain on sale of capital asset	305,185	-
Capital contributions	-	5,000
Total revenues	<u>31,145,506</u>	<u>29,375,715</u>
Program Expenses		
Instruction:		
Regular	4,785,152	13,992,773
Special	2,321,573	4,605,579
Vocational	152,199	389,246
Other	-	6,603
Support services:		
Pupils	960,839	1,647,730
Instructional staff	472,815	567,617
Board of education	34,738	32,058
Administration	1,129,293	2,553,491
Fiscal	692,381	759,030
Business	2,731	1,887
Operation and maintenance of plant	2,104,836	2,207,158
Pupil transportation	1,909,347	2,318,740
Central	214,646	462,499
Operation of non-instructional services:		
Food service operations	755,906	831,431
Community services	6,927	8,122
Extracurricular activities	533,468	848,186
Interest and fiscal charges	<u>1,210,322</u>	<u>1,243,324</u>
Total expenses	<u>17,287,173</u>	<u>32,475,474</u>
Change in net position	\$ 13,858,333	(3,099,759)
Net position at beginning of year	(27,981,045)	(15,643,270)
Restatement	-	(9,238,016)
Net position at end of year	<u><u>\$(14,122,712)</u></u>	<u><u>\$(27,981,045)</u></u>

Woodridge Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2018
 Unaudited

Governmental Activities

Several revenue sources fund our governmental activities with property taxes and State foundation revenues being the largest contributors. Property tax levies generated over \$20.7 million in 2018, which is an increase of \$1,851,539 or 9.8 percent over last year. This increase in property taxes is due to accruals of property tax available as an advance at the end of each year. General revenues from grants and entitlements, such as the school foundation program, generated over \$5.2 million. With the combination of taxes and intergovernmental funding comprising approximately 83.2 percent of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

Instruction and support services comprise 42 percent and 43.5 percent, respectively, of governmental program expenses. Food service operations were over 4.3 percent of governmental program expenses and had adequate program revenues to support expenses.

As a result of implementing the accounting standard for pension and OPEB, the School District is reporting a significant net pension liability, net OPEB liability and related deferred inflows of resources for the fiscal year which have a negative effect on net position. In addition, the School District is reporting deferred outflows of resources and a decrease in expenses related to pension and OPEB, which have a positive impact on net position. The decrease in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these accounting standards on the School District's net position, additional information is presented below.

	<u>2018</u>	<u>2017</u>
Deferred outflows - pension	\$ 10,121,377	\$ 8,950,746
Deferred outflows - OPEB	355,347	69,297
Deferred inflows - pension	(1,417,866)	(69,931)
Deferred inflows - OPEB	(902,512)	-
Net pension liability	(32,514,058)	(44,795,125)
Net OPEB liability	<u>(7,547,738)</u>	<u>(9,307,313)</u>
Impact of GASB 68 and GABB 75 on net position	<u>\$ (31,905,450)</u>	<u>\$ (45,152,326)</u>

The School District's Funds

The School District's funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources are \$31,499,278 and total expenditures and other financing uses are \$55,829,297. The total net change in fund balance across all governmental funds was a decrease of \$24,330,019. Net decrease in fund balance for the year was significant in the general fund and the building fund, amounting to \$1,487,206 and \$23,384,033. Net decrease in the general fund was due to a decrease in intergovernmental revenues for the current fiscal year. The decrease in the building fund is due primarily to increased costs associated with construction during the year. Net decrease in the bond retirement fund amounted to \$150,003. Table 3 below indicates the fund balance and the total change in fund balance as of June 30, 2018 and 2017.

Woodridge Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2018
 Unaudited

Table 3
 Fund Balances

	Fund Balance June 30, 2018	Fund Balance June 30, 2017	Increase (Decrease)
General	\$ 4,510,028	\$ 5,997,234	\$ (1,487,206)
Bond retirement	4,262,781	4,412,784	(150,003)
Building	5,506,125	28,890,158	(23,384,033)
Other governmental	754,013	62,790	691,223
Total	<u>\$ 15,032,947</u>	<u>\$ 39,362,966</u>	<u>\$ (24,330,019)</u>

General Fund Budgeting Highlights

The School 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 fiscal year 2018, the School District amended its general fund revenue budget as more accurate property tax, State foundation and grant information became available. The School District amended its general fund expenditures budget several times during the year but none were significant. All budget revisions are presented to the Board of Education for approval.

For the general fund, the original budgeted revenue estimate including other financing sources was \$26,311,155. This amount was changed during the year, resulting in a final revenue budget of \$25,570,048. Actual revenue reported was \$25,567,158; which was \$743,997 less than originally anticipated.

The original expenditures and other financing uses estimate of \$32,583,723 was revised during the fiscal year. The final expenditures estimate of \$27,800,047 was \$4,783,676 less than originally anticipated. Increases and decreases from the original and final budget posted to several line items of the budget with a significant change in regular instruction for the current fiscal year. The actual expenditures however, were \$27,800,047, which is the same as the final budgeted amount. This was the result of conservative spending by the district.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had \$41,434,399 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal year 2018 balances compared to fiscal year 2017.

Woodridge Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2018
 Unaudited

Table 4
 Capital Assets, at Fiscal Year End
 (Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land	\$ 1,189,759	\$ 1,189,759
Construction in progress	22,029,005	3,787,488
Land improvements	950,571	653,371
Buildings and improvements	15,847,719	11,964,974
Furniture, fixtures and equipment	593,554	412,832
Vehicles	823,791	902,366
Total capital assets	<u>\$ 41,434,399</u>	<u>\$ 18,910,790</u>

The total increase in capital assets is due to current year acquisitions for the construction and renovation of school buildings exceeding current year depreciation. See Note 8 to the basic financial statements for detail on the School District's capital assets.

Debt

At June 30, 2018 the School District had \$38,051,291 in bonds (including unamortized bond premium), purchase agreements and capital leases outstanding with \$2,120,791 due within one year. This balance reflected a decrease of \$2,280,873 from the previous year's balance of \$40,332,164. Table 5 summarizes the debt and capital leases outstanding:

Table 5
 Outstanding Debt, Equipment Purchase Agreement
 and Capital Lease, at Fiscal Year End

	Governmental	Governmental
	Activities	Activities
	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 37,626,394	\$ 39,652,062
Lease purchase agreement	92,381	180,078
Land purchase agreement	255,000	305,000
Capital leases	77,516	195,024
Total outstanding	<u>\$ 38,051,291</u>	<u>\$ 40,332,164</u>

See Notes 14 and 15 to the basic financial statements for the repayment schedules of the bonded debt, the purchase agreements and the capital leases.

The School District has budgeted to meet all of the School District's debt requirements.

Woodridge Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Current Issues Affecting Financial Condition

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges though. These challenges stem from issues that are local and at the State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system. Although the School District relies heavily on its property taxpayers to support its operations, the community support for the schools is quite strong.

Due to the unsettled issues in the school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional financial information, contact Tom Morehouse, Treasurer, at Woodridge Local School District, 4411 Quick Road, Peninsula OH, 44264.

Woodridge Local School District
Statement of Net Position
June 30, 2018

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 14,540,231
Cash and cash equivalents:	
In segregated accounts	860,437
Investments in segregated accounts	3,624,565
Inventory held for resale	12,804
Accrued interest receivable	25,032
Receivables:	
Accounts	202,854
Intergovernmental	597,743
Taxes	20,707,548
Revenue in lieu of taxes	290,297
Prepaid items	65,587
Capital assets:	
Land and construction in progress	23,218,764
Depreciable capital assets	34,003,007
Accumulated depreciation	(15,787,372)
Total capital assets	41,434,399
Total assets	82,361,497
<u>Deferred outflows of resources:</u>	
Pension	10,121,377
OPEB	355,347
Total deferred outflows of resources	10,476,724
<u>Liabilities:</u>	
Accounts payable	248,639
Contracts payable	2,557,766
Accrued wages	2,116,300
Matured compensated absences payable	51,908
Retainage payable	504,935
Intergovernmental payable	716,695
Accrued interest payable	110,667
Claims payable	460,136
Long-term liabilities:	
Due within one year	2,318,673
Due in more than one year:	
Net pension liability	32,514,058
Net OPEB liability	7,547,738
Other amounts due in more than one year	36,858,178
Total liabilities	86,005,693
<u>Deferred inflows of resources:</u>	
Property taxes	18,344,565
Payments in lieu of taxes	290,297
Pension	1,417,866
OPEB	902,512
Total deferred inflows of resources	20,955,240
<u>Net position:</u>	
Net investment in capital assets	8,363,359
Restricted for:	
Capital projects	618,300
Debt service	4,118,213
Other purposes	76,929
Unrestricted	(27,299,513)
Total net position	\$ (14,122,712)

See accompanying notes to the basic financial statements.

Woodridge Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Revenues and Changes in Net Position
				Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 4,785,152	\$ 1,709,612	\$ 616,465	\$ (2,459,075)
Special	2,321,573	141,031	358,059	(1,822,483)
Vocational	152,199	-	25,982	(126,217)
Support services:				
Pupils	960,839	34,851	7,084	(918,904)
Instructional staff	472,815	12,068	56,999	(403,748)
Board of education	34,738	-	-	(34,738)
Administration	1,129,293	-	103,294	(1,025,999)
Fiscal	692,381	-	-	(692,381)
Business	2,731	-	-	(2,731)
Operation and maintenance of plant	2,104,836	2,000	-	(2,102,836)
Pupil transportation	1,909,347	-	13,511	(1,895,836)
Central	214,646	-	-	(214,646)
Operation of non-instructional services:				
Food service operations	755,906	234,192	541,692	19,978
Community services	6,927	838	7,698	1,609
Extracurricular activities	533,468	101,706	26,178	(405,584)
Interest and fiscal charges	1,210,322	-	-	(1,210,322)
Total governmental activities	<u>\$ 17,287,173</u>	<u>\$ 2,236,298</u>	<u>\$ 1,756,962</u>	<u>(13,293,913)</u>

General Revenues:

Property taxes levied for:		
General purposes		17,505,097
Debt service		2,830,719
Capital outlay		382,183
Grants and entitlements not restricted to specific programs		5,204,139
Gain on sale of capital asset		305,185
Payment in lieu of taxes		405,707
Investment earnings		393,007
Miscellaneous		126,209
Total general revenues		<u>27,152,246</u>
Change in net position		13,858,333
Net position beginning of year, restated		(27,981,045)
Net position end of year		<u>\$ (14,122,712)</u>

See accompanying notes to the basic financial statements.

Woodridge Local School District
Balance Sheet
Governmental Funds
June 30, 2018

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 4,709,011	\$ 4,000,026	\$ 4,983,998	\$ 847,196	\$ 14,540,231
Cash and cash equivalents:					
In segregated accounts	860,437	-	-	-	860,437
Investments in segregated accounts	-	-	3,624,565	-	3,624,565
Inventory held for resale	-	-	-	12,804	12,804
Accrued interest receivable	-	-	25,032	-	25,032
Receivables:					
Accounts	202,475	-	-	379	202,854
Intergovernmental	460,974	-	-	136,769	597,743
Interfund	31,700	-	-	-	31,700
Taxes	17,762,011	2,552,505	-	393,032	20,707,548
Revenue in lieu of taxes	290,297	-	-	-	290,297
Prepaid items	65,587	-	-	-	65,587
Total assets	<u>\$ 24,382,492</u>	<u>\$ 6,552,531</u>	<u>\$ 8,633,595</u>	<u>\$ 1,390,180</u>	<u>\$ 40,958,798</u>
<u>Liabilities, deferred inflows of resources and fund balances:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 183,715	\$ -	\$ 64,769	\$ 155	\$ 248,639
Contracts payable	-	-	2,557,766	-	2,557,766
Accrued wages	1,971,743	-	-	144,557	2,116,300
Matured compensated absences payable	51,908	-	-	-	51,908
Retainage payable	-	-	504,935	-	504,935
Interfund payable	-	-	-	31,700	31,700
Intergovernmental payable	679,424	-	-	37,271	716,695
Claims payable	460,136	-	-	-	460,136
Total liabilities	<u>3,346,926</u>	<u>-</u>	<u>3,127,470</u>	<u>213,683</u>	<u>6,688,079</u>
<u>Deferred inflows of resources</u>					
Property taxes	15,739,468	2,257,491	-	347,606	18,344,565
Payments in lieu of taxes	290,297	-	-	-	290,297
Unavailable revenue	274,614	-	-	69,911	344,525
Unavailable revenue - delinquent property taxes	221,159	32,259	-	4,967	258,385
Total deferred inflows of resources	<u>16,525,538</u>	<u>2,289,750</u>	<u>-</u>	<u>422,484</u>	<u>19,237,772</u>
<u>Fund balances:</u>					
Nonspendable:					
Prepaid Items	65,587	-	-	-	65,587
Unclaimed money	7,656	-	-	-	7,656
Restricted	-	4,197,347	5,506,125	75,106	9,778,578
Committed to:					
Debt service	-	65,434	-	-	65,434
Capital improvements	-	-	-	805,719	805,719
Assigned to:					
Public school support	47,798	-	-	-	47,798
Rotary purposes	33,913	-	-	-	33,913
Various purchases on order	343,078	-	-	-	343,078
Next year's budget	1,851,215	-	-	-	1,851,215
Unassigned	2,160,781	-	-	(126,812)	2,033,969
Total fund balances	<u>4,510,028</u>	<u>4,262,781</u>	<u>5,506,125</u>	<u>754,013</u>	<u>15,032,947</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,382,492</u>	<u>\$ 6,552,531</u>	<u>\$ 8,633,595</u>	<u>\$ 1,390,180</u>	<u>\$ 40,958,798</u>

See accompanying notes to the basic financial statements.

Woodridge Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total governmental fund balances		\$ 15,032,947
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		41,434,399
Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:		
Property taxes	\$ 258,385	
Intergovernmental	176,463	
Tuition and fees	168,062	
Total	602,910	602,910
The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	\$ 10,121,377	
Deferred inflows - pension	(1,417,866)	
Net pension liability	(32,514,058)	
Deferred outflows - OPEB	355,347	
Deferred inflows - OPEB	(902,512)	
Net OPEB liability	(7,547,738)	
Total	(31,905,450)	(31,905,450)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (35,040,000)	
Premium on bonds	(2,586,394)	
Lease purchase agreement	(92,381)	
Land purchase agreement	(255,000)	
Compensated absences	(1,125,560)	
Capital leases	(77,516)	
Accrued interest payable	(110,667)	
Total	(39,287,518)	(39,287,518)
Net position of governmental activities		\$ (14,122,712)

See accompanying notes to the basic financial statements.

Woodridge Local School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property taxes	\$ 17,488,724	\$ 2,832,281	\$ -	\$ 381,420	\$ 20,702,425
Intergovernmental	4,786,102	334,187	-	1,646,788	6,767,077
Interest	83,842	-	308,495	1,354	393,691
Tuition and fees	1,847,717	-	-	-	1,847,717
Extracurricular activities	71,884	-	-	77,326	149,210
Gifts and donations	32,356	-	-	10,533	42,889
Customer services	-	-	-	234,192	234,192
Rent	2,000	-	-	-	2,000
Payments in lieu of taxes	405,707	-	-	-	405,707
Miscellaneous	72,588	-	-	382	72,970
Total revenues	24,790,920	3,166,468	308,495	2,351,995	30,617,878
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	11,919,740	-	-	697,085	12,616,825
Special	3,855,978	-	-	320,678	4,176,656
Vocational	390,060	-	-	-	390,060
Other	3,877	-	-	-	3,877
Support services:					
Pupils	1,654,397	-	-	1,272	1,655,669
Instructional staff	460,588	-	-	55,875	516,463
Board of education	34,738	-	-	-	34,738
Administration	2,198,692	-	-	148,539	2,347,231
Fiscal	664,166	43,184	14,654	9,262	731,266
Business	-	-	-	2,061	2,061
Operation and maintenance of plant	2,005,844	-	172,324	2,141	2,180,309
Pupil transportation	1,894,132	-	-	65,525	1,959,657
Central	339,841	-	-	-	339,841
Operation of non-instructional services:					
Food service operations	-	-	-	759,576	759,576
Community services	2,179	-	-	4,748	6,927
Extracurricular activities	663,117	-	-	119,700	782,817
Capital outlay	61,398	-	23,505,550	112,056	23,679,004
Debt service:					
Principal retirement	28,498	1,920,000	-	176,707	2,125,205
Interest and fiscal charges	2,481	1,353,287	-	12,947	1,368,715
Total expenditures	26,179,726	3,316,471	23,692,528	2,488,172	55,676,897
Excess of revenues under expenditures	(1,388,806)	(150,003)	(23,384,033)	(136,177)	(25,059,019)
<u>Other financing sources (uses):</u>					
Proceeds from sale of capital assets	54,000	-	-	675,000	729,000
Transfers in	-	-	-	152,400	152,400
Transfers out	(152,400)	-	-	-	(152,400)
Total other financing sources (uses)	(98,400)	-	-	827,400	729,000
Net change in fund balances	(1,487,206)	(150,003)	(23,384,033)	691,223	(24,330,019)
Fund balances at beginning of year	5,997,234	4,412,784	28,890,158	62,790	39,362,966
Fund balances at end of year	\$ 4,510,028	\$ 4,262,781	\$ 5,506,125	\$ 754,013	\$ 15,032,947

See accompanying notes to the basic financial statements.

Woodridge Local School District
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, 2018

Net change in fund balances - total governmental funds \$ (24,330,019)

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 cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions	\$ 23,679,004	
Depreciation expense	(768,280)	
Excess of capital outlay over depreciation expense	<u>22,910,724</u>	22,910,724

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

(387,115)

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

Property taxes	\$ 15,574	
Intergovernmental	149,690	
Tuition and fees	3,179	
Net change in deferred inflows of resources during the year	<u>168,443</u>	168,443

Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of activities reports these amounts as deferred outflows.

Pension		2,165,647
OPEB		87,029

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension expense in the statement of activities.

Pension		9,938,116
OPEB		1,056,084

Repayment of principal on bonds, capital leases and purchase agreement is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

2,125,205

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	\$ (34,174)	
Decrease in accrued interest	2,725	
Amortization of premium	155,668	
Total additional expenditures	<u>124,219</u>	<u>124,219</u>

Change in net position of governmental activities

\$ 13,858,333

See accompanying notes to the basic financial statements.

Woodridge Local School District
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 17,800,577	\$ 17,777,021	\$ 17,713,210	\$ (63,811)
Intergovernmental	5,228,631	4,836,199	4,818,840	(17,359)
Interest	82,355	79,999	79,711	(288)
Tuition and fees	2,301,411	1,992,723	1,985,570	(7,153)
Rent	2,000	2,000	2,000	-
Gifts and donations	117	57	50	(7)
Miscellaneous	489,878	475,863	474,155	(1,708)
Total revenues	<u>25,904,969</u>	<u>25,163,862</u>	<u>25,073,536</u>	<u>(90,326)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	21,616,154	12,076,733	12,076,733	-
Special	3,371,039	4,314,667	4,314,667	-
Vocational	335,893	356,297	356,297	-
Other	5,000	4,184	4,184	-
Support services:				
Pupils	975,380	1,646,116	1,646,116	-
Instructional staff	297,217	453,947	453,947	-
Board of education	2,000	34,738	34,738	-
Administration	1,994,576	2,335,150	2,335,150	-
Fiscal	269,728	663,686	663,686	-
Operation and maintenance of plant	1,571,951	2,246,592	2,246,592	-
Pupil transportation	1,293,845	2,021,626	2,021,626	-
Central	279,440	476,866	476,866	-
Extracurricular activities	571,500	631,445	631,445	-
Total expenditures	<u>32,583,723</u>	<u>27,262,047</u>	<u>27,262,047</u>	<u>-</u>
Excess of revenues under expenditures	<u>(6,678,754)</u>	<u>(2,098,185)</u>	<u>(2,188,511)</u>	<u>(90,326)</u>
<u>Other financing sources (uses):</u>				
Proceeds from sale of capital assets	-	-	54,000	54,000
Refund of prior year expenditures	6,186	6,186	58,900	52,714
Insurance recoveries	-	-	6,722	6,722
Advances in	400,000	400,000	374,000	(26,000)
Advances out	-	(380,800)	(380,800)	-
Transfers out	-	(157,200)	(157,200)	-
Total other financing sources (uses)	<u>406,186</u>	<u>(131,814)</u>	<u>(44,378)</u>	<u>87,436</u>
Net change in fund balance	(6,272,568)	(2,229,999)	(2,232,889)	(2,890)
Fund balance at beginning of year	5,897,625	5,897,625	5,897,625	-
Prior year encumbrances appropriated	378,723	378,723	378,723	-
Fund balance at end of year	<u>\$ 3,780</u>	<u>\$ 4,046,349</u>	<u>\$ 4,043,459</u>	<u>\$ (2,890)</u>

See accompanying notes to the basic financial statements.

Woodridge Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 64,715
Cash and cash equivalents in segregated accounts	14,956
Total assets	<u><u>79,671</u></u>
<u>Liabilities:</u>	
Accounts payable	\$ 447
Undistributed monies	30,983
Due to students	48,241
Total liabilities	<u><u>79,671</u></u>

See accompanying notes to the basic financial statements.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Woodridge Local School District (the "School 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 School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's five instructional/support facilities staffed by 125 non-certificated employees and 164 certificated teaching and support personnel, including 11 administrators that provide services to 1,976 students and other community members.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organizations' governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2018.

The School District is associated with the Metropolitan Regional Service Council (MRSC) also known as Northeast Ohio Network for Educational Technology (NEOnet), the Six District Educational Compact, and the Ohio Schools Council, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 16.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

A. Basis of Presentation - Fund Accounting

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. 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 charges paid by the recipient of the 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 and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. 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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into two categories: governmental and fiduciary.

Governmental Fund Types:

Governmental funds focus 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, liabilities, and deferred inflows of resources is reported as fund balance. The School District has three major governmental funds:

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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

Bond Retirement Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Building Fund: The building fund is used to account for the receipts and expenditures related to the construction and renovation of school buildings.

Fiduciary Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. 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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds are agency funds which report resources that belong to the student bodies of the various schools, employee's deposits held for health insurance, and monies temporarily held for Ohio High School Athletic Association (OHSAA) tournaments.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets, liabilities, deferred outflows of resources and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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 and the agency fund uses the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Revenue - Exchange and Nonexchange 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 School District, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. 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 School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the 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, investment earnings, tuition, grants and entitlements, and student fees.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance year 2019 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 12 and 13)

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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 the governmental funds. The entitlement value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account.

D. Budgets and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2018. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

E. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to instruments of government sponsored mortgage-backed securities, a mutual fund money market, commercial paper, and an interest in STAR Ohio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. These investments are stated at cost, which approximates market value (fair value).

The School District's investment in the State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the School District. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

For the fiscal year 2018, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is appreciated 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds; required by a grant agreement; or when approved by the Board of Education to be recorded in another fund. The Board of Education has passed a resolution to allow interest to also be recorded in other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

G. Interfund Balances

On the 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 of the statement of net position.

H. Inventory

Within the basic financial statements, inventories are presented at cost on a first-in, first out basis and are expensed when used.

Inventories of the general fund were not significant at the end of the year. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale.

I. Capital Assets

General capital assets are those assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. The School District's policy is not to capitalize interest costs incurred as part of construction.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	5 - 30 years
Buildings and improvements	15 - 50 years
Furniture, fixtures and equipment	3 - 20 years
Vehicles	5 - 10 years

J. Pension and other postemployment benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

The current accounting standard requires school districts to report their proportionate share of the net pension/OPEB liability using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. Under the new standards, the net pension/OPEB liability equals the School District's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the School District. However, the School District is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension liability or the net OPEB liability. The School District has no control over the changes in the benefits, contribution rates, and return on investments affecting the balance of the liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

L. 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 governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes unclaimed monies, the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Assigned fund balance classifications are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists 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 position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

O. Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the bonds-outstanding method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are receipted in the year the bonds are issued.

P. Interfund Transactions

Interfund transactions are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of net position.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

Q. Estimates

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

NOTE 3 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The restricted portion of fund balance for governmental funds is presented below:

<u>Fund Balances</u>	<u>Bond Retirement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Restricted</u>				
Special trust	\$ -	\$ -	\$ 4,801	\$ 4,801
Auxiliary services	-	-	46,287	46,287
Professional development	-	-	3,523	3,523
Instructional programs	-	-	20,432	20,432
Drug awareness education	-	-	18	18
Capital improvements	-	5,506,125	45	5,506,170
Debt service	4,197,347	-	-	4,197,347
Total restricted	<u>\$ 4,197,347</u>	<u>\$ 5,506,125</u>	<u>\$ 75,106</u>	<u>\$ 9,778,578</u>

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is 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 and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presentation 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 GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

- 4. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).
- 5. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
	<u>General</u>
GAAP basis	\$ (1,487,206)
Revenue accruals	537,655
Advances in	374,000
Expenditure accruals	(715,392)
Advances out	(380,800)
Budgeted as part of special revenue funds:	
Revenues	(189,417)
Transfers from general fund	(4,800)
Expenditures	190,887
Encumbrances (Budget Basis) outstanding at year end	<u>(557,816)</u>
Budget basis	<u>\$ (2,232,889)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify money held by the School 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 School 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 within five years from the date of deposit, 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 within five years from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

1. United States Treasury bills, notes, bonds, or any other obligations 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, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (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 (STAR Ohio);
7. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and
8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School 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.

Cash on hand

At fiscal year-end, the School District had \$300 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

As of June 30, the carrying amount of the School District's deposits was \$6,030,844. The School District's bank balance of \$6,296,390 was not exposed to custodial credit risk.

Investments

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

Investment type	Fair Value	Percentage of Investments	Maturity	Rating
STAR Ohio	\$ 9,449,195	72.27%	48.9 ⁽³⁾	AAAm ⁽²⁾
Investments reported in the building fund:				
First American Treasury Obligation Money Market	\$ 65,913	0.50%	< 1 year	AAAm ⁽²⁾
Federal Farm Credit Bank	964,633	7.38%	07/18/18	AA+ ⁽¹⁾
Commercial paper	288,321	2.21%	07/30/18	A-1 + ⁽¹⁾
Commercial paper	561,650	4.30%	07/31/18	A-1 ⁽¹⁾
Commercial paper	1,184,970	9.06%	08/06/18	A-1 ⁽¹⁾
Commercial paper	305,992	2.34%	08/14/18	A-1 ⁽¹⁾
Commercial paper	253,086	1.94%	08/23/18	A-1 ⁽¹⁾
Total commercial paper	<u>2,594,019</u>			
Total investments reported in the building fund	<u>3,624,565</u>			
Total investments	<u>\$ 13,073,760</u>			

⁽¹⁾ Standard and Poor's rating of underlying investment

⁽²⁾ Standard and Poor's rating

⁽³⁾ Days (Average)

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurement as of June 30, 2018. As previously discussed Star Ohio is reported at its net asset value. All other investments of the School District are valued using quoted market prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to \$83,842, which includes \$35,933 was assigned from other School District funds.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments in Federal Farm Credit Bank (FFCB) and commercial paper are held by the counterparty's trust department or agent and not in the School District's name. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates other than that they must mature within five years.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAR Ohio and the First American Treasury Obligation Money Market an AAAm rating and the Federal Farm Credit Bank (FFCB) an AA+ rating. The commercial paper has an A-1 and an A-1+ rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District's investment in a single issuer. More than 5% of the School District's investments are in FFCB and commercial paper. These investments are presented in the table above. The School District places no limit on the amount that may be invested in any one issuer.

NOTE 6 - PROPERTY TAX

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School 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 for public utilities) located in the School District. Real property tax revenue received in calendar 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 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 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected in 2017 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Summit County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by year-end are available to finance the current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2018 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 deferred inflows of resources – property taxes. The amount available as an advance at year-end was \$1,801,384 in the general fund, \$262,755 in the bond retirement debt service fund and \$40,459 in the permanent improvement capital projects fund and is recognized as revenue on the fund financial statements.

On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

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

<u>Property Category</u>	<u>2017 Assessed Value</u>	<u>2016 Assessed Value</u>
<u>Real Property</u>		
Residential and agricultural	\$ 360,245,430	\$ 328,136,410
Commercial, industrial and minerals	119,723,800	126,267,750
<u>Tangible Personal Property</u>		
Public utilities	<u>8,296,480</u>	<u>8,001,620</u>
Total	<u>\$ 488,265,710</u>	<u>\$ 462,405,780</u>

NOTE 7 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), interfund, 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. The general fund intergovernmental receivable at year-end consisted of excess costs and other miscellaneous reimbursements of \$460,974. Also, several special revenue funds recorded intergovernmental receivables for state and federal grants and reimbursements totaling \$136,769.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

<u>Governmental Activities</u>	<u>Balance June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>
Capital assets, not being depreciated:				
Land	\$ 1,189,759	\$ -	\$ -	\$ 1,189,759
Construction in progress	<u>3,787,488</u>	<u>23,356,981</u>	<u>(5,115,464)</u>	<u>22,029,005</u>
Total capital assets, not being depreciated	<u>4,977,247</u>	<u>23,356,981</u>	<u>(5,115,464)</u>	<u>23,218,764</u>
Capital assets, being depreciated:				
Land improvements	2,275,185	338,867	(125,003)	2,489,049
Buildings and improvements	23,040,557	4,723,921	(1,542,630)	26,221,848
Furniture, fixtures and equipment	3,088,990	288,990	(96,943)	3,281,037
Vehicles	<u>1,977,199</u>	<u>85,709</u>	<u>(51,835)</u>	<u>2,011,073</u>
Total capital assets, being depreciated	<u>30,381,931</u>	<u>5,437,487</u>	<u>(1,816,411)</u>	<u>34,003,007</u>
Less: Accumulated depreciation				
Land improvements	(1,621,814)	(41,667)	125,003	(1,538,478)
Buildings and improvements	(11,075,583)	(471,361)	1,172,815	(10,374,129)
Furniture, fixtures and equipment	(2,676,158)	(90,968)	79,643	(2,687,483)
Vehicles	<u>(1,074,833)</u>	<u>(164,284)</u>	<u>51,835</u>	<u>(1,187,282)</u>
Total accumulated depreciation	<u>(16,448,388)</u>	<u>(768,280)</u>	<u>1,429,296</u>	<u>(15,787,372)</u>
Total capital assets being depreciated, net	<u>13,933,543</u>	<u>4,669,207</u>	<u>(387,115)</u>	<u>18,215,635</u>
Governmental activities capital assets, net	<u>\$ 18,910,790</u>	<u>\$ 28,026,188</u>	<u>\$ (5,502,579)</u>	<u>\$ 41,434,399</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 354,783
Special	16,238
Vocational	9,198
Support services:	
Instructional staff	40,556
Administration	26,356
Business	670
Operation and maintenance of plant	89,580
Pupil transportation	157,918
Food service operations	31,922
Extracurricular activities	<u>41,059</u>
Total depreciation	<u>\$ 768,280</u>

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2018 consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	\$ 31,700

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2018, all interfund loans outstanding are anticipated to be repaid in fiscal year 2019.

Interfund transfers for the year ended June 30, 2018, consisted of the following:

Transfers from general fund to:	
Nonmajor governmental funds	\$ 152,400

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10 - ACCOUNTABILITY

As of June 30, 2018, several funds had deficit fund balances. These deficits were caused by the application of GAAP. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had a deficit balance:

	<u>Amount</u>
Nonmajor funds:	
Food service	\$ 53,451
Athletic and music	837
Title VI-B	21,249
Title I	40,413
Improving teacher quality	10,862

NOTE 11 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

The School District provides life insurance and accidental death and dismemberment insurance to its employees. The School District has contracted with the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) to provide medical/surgical and dental insurance for its employees and their covered dependents. The OME-RESA is a risk servicing pool comprised of multiple entities. The School District pays monthly contributions that are placed in a fund from which eligible claims are paid for employees and their covered dependents. Claims are paid for all participants from their individual accounts and the School District's reserves are maintained in a separate bank account. The School District is retaining risk, however they maintain a specific stop loss policy of \$1,200,000 and an internal pool that covers individual claims between \$75,000 and \$1,199,000. The OME-RESA Board of Directors has authority to return monies to an exiting entity subsequent to the settlement of all claims and expenses.

The School District uses the general fund to record and report its participation in the joint self-insured health care program. The claims liability of \$460,136, reported in the fund at year end was estimated by the third party administrator and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in the claims liability during 2017 and 2018 were:

	Year ended <u>6/30/2018</u>	Year ended <u>6/30/2017</u>
Unpaid claims, beginning of fiscal year	\$ 465,271	\$ 395,411
Incurred claims (including IBNRs)	3,691,890	3,848,365
Claim payments	<u>(3,697,025)</u>	<u>(3,778,505)</u>
Unpaid claims, end of fiscal year	<u>\$ 460,136</u>	<u>\$ 465,271</u>

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

The Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual basis of accounting.

A. School Employees Retirement System

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before <u>August 1, 2017</u> *	Eligible to Retire on or after <u>August 1, 2017</u>
Full benefits	Age 65 with 5 years of service credit or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Currently, one year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$490,245 for fiscal year 2018. Of this amount \$41,963 is reported as an intergovernmental payable.

B. State Teachers Retirement System of Ohio

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service credit. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 or later.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,675,402 for fiscal year 2018. Of this amount \$248,970 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.126078%	0.1062568%	
Proportion of the net pension liability - current measurement date	<u>0.127001%</u>	<u>0.1049287%</u>	
Change in proportionate share	<u>0.000923%</u>	<u>-0.001328%</u>	
Proportionate share of the net pension liability	\$7,588,011	\$24,926,047	\$32,514,058
Pension expense	(\$416,602)	(\$9,521,514)	(\$9,938,116)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 326,562	\$ 962,527	\$ 1,289,089
Changes of assumptions	392,382	5,451,600	5,843,982
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	200,060	622,599	822,659
School District contributions subsequent to the measurement date	<u>490,245</u>	<u>1,675,402</u>	<u>2,165,647</u>
Total deferred outflows of resources	<u>\$ 1,409,249</u>	<u>\$ 8,712,128</u>	<u>\$ 10,121,377</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 36,019	\$ 822,589	\$ 858,608
Difference between expected and actual experience	-	200,894	200,894
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>-</u>	<u>358,364</u>	<u>358,364</u>
Total deferred inflows of resources	<u>\$ 36,019</u>	<u>\$ 1,381,847</u>	<u>\$ 1,417,866</u>

\$2,165,647 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ 412,943	\$ 1,228,134	\$ 1,641,077
2020	521,397	2,347,140	2,868,537
2021	125,538	1,722,095	1,847,633
2022	<u>(176,893)</u>	<u>357,510</u>	<u>180,617</u>
Total	<u>\$ 882,985</u>	<u>\$ 5,654,879</u>	<u>\$ 6,537,864</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage inflation	3 percent
Future salary increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment rate of return	7.5 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an experience study that was completed June 30, 2015.

The cost of living adjustment was changed from a fixed 3 percent annual increase in the prior measurement date to a cost of living adjustment based on the change in the Consumer Price Index (CPI-W) not greater than 2.5 percent with a floor of zero percent beginning January 1, 2018. In addition, the Board has enacted a three year COLA suspension for benefit recipients in calendar years 2018, 2019, and 2020.

Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disable members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return</u>
Cash	1.00 %	0.50 %
US stocks	22.50	4.75
Non-US stocks	22.50	7.00
Fixed income	19.00	1.50
Private equity	10.00	8.00
Real assets	15.00	5.00
Multi-asset strategies	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent), or one percentage point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current discount rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$ 10,530,188	\$7,588,011	\$5,123,338

Assumptions - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	2.50 percent at age 65 to 12.50 percent at age 20
Investment rate of return	7.45 percent, net of investment expenses
Payroll increases	3.00 percent
Cost-of-living adjustments (COLA)	0 percent, effective July 1, 2017

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016, (f) post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016, (g) pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

STRS's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return*</u>
Domestic equity	28.00 %	7.35 %
International equity	23.00	7.55
Alternatives	17.00	7.09
Fixed income	21.00	3.00
Real estate	10.00	6.00
Liquidity reserves	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

*10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30 year period, STRS's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease <u>(6.45%)</u>	Current discount rate <u>(7.45%)</u>	1% Increase <u>(8.45%)</u>
School District's proportionate share of the net pension liability	\$ 35,730,640	\$24,926,047	\$15,824,797

C. Social Security System

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

NOTE 13 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the School District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

A. School Employee Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned.

For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$68,872.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$87,029 for fiscal year 2018. Of this amount \$70,426 is reported as an intergovernmental payable.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

B. State Teachers Retirement System

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability - prior measurement date	0.127165%	0.1062568%	
Proportion of the net OPEB liability - current measurement date	<u>0.128694%</u>	<u>0.1049287%</u>	
Change in proportionate share	<u>0.001529%</u>	<u>-0.001328%</u>	
Proportionate share of the net OPEB liability	\$3,453,806	\$4,093,932	\$7,547,738
OPEB expense	\$203,311	(\$1,259,395)	(\$1,056,084)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 236,327	\$ 236,327
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	31,991	-	31,991
School District contributions subsequent to the measurement date	<u>87,029</u>	<u>-</u>	<u>87,029</u>
Total deferred outflows of resources	<u>\$ 119,020</u>	<u>\$ 236,327</u>	<u>\$ 355,347</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 9,121	\$ 174,984	\$ 184,105
Changes of assumptions	327,748	329,779	657,527
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>-</u>	<u>60,880</u>	<u>60,880</u>
Total deferred inflows of resources	<u>\$ 336,869</u>	<u>\$ 565,643</u>	<u>\$ 902,512</u>

\$87,029 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ (109,438)	\$ (69,469)	\$ (178,907)
2020	(109,438)	(69,469)	(178,907)
2021	(83,721)	(69,469)	(153,190)
2022	(2,281)	(69,469)	(71,750)
2023	-	(25,723)	(25,723)
Thereafter	<u>-</u>	<u>(25,717)</u>	<u>(25,717)</u>
Total	<u>\$ (304,878)</u>	<u>\$ (329,316)</u>	<u>\$ (634,194)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage inflation	3 percent
Future salary increases, including inflation	3.5 percent to 18.2 percent
Investment rate of return	7.5 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumption	
Measurement date	5.50 to 5.00 percent
Prior measurement date	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return</u>
Cash	1.00 %	0.50 %
US stocks	22.50	4.75
Non-US stocks	22.50	7.00
Fixed income	19.00	1.50
Private equity	10.00	8.00
Real assets	15.00	5.00
Multi-asset strategies	<u>10.00</u>	3.00
Total	<u>100.00</u> %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease <u>(2.63%)</u>	Current discount rate <u>(3.63%)</u>	1% Increase <u>(4.63%)</u>
School District's proportionate share of the net OPEB liability	\$ 4,170,911	\$3,453,806	\$2,885,676

	1% Decrease (6.5% decreasing <u>to 4.0%</u>)	Current trend rate (7.5% decreasing <u>to 5.0%</u>)	1% Increase (8.5% decreasing <u>to 6.0%</u>)
School District's proportionate share of the net OPEB liability	\$ 2,802,505	\$3,453,806	\$4,315,815

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	2.50 percent at age 65 to 12.50 percent at age 20
Investment rate of return	7.45 percent, net of investment expenses
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return*</u>
Domestic equity	28.00 %	7.35 %
International equity	23.00	7.55
Alternatives	17.00	7.09
Fixed income	21.00	3.00
Real estate	10.00	6.00
Liquidity reserves	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

*10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30 year period, STRS's investment consultant indicated that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u> <u>(3.13%)</u>	<u>Current</u> <u>discount rate</u> <u>(4.13%)</u>	<u>1% Increase</u> <u>(5.13%)</u>
School District's proportionate share of the net OPEB liability	\$ 5,496,038	\$4,093,932	\$2,985,810

	<u>1% Decrease</u>	<u>Current</u> <u>trend rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 2,844,289	\$4,093,932	\$5,738,609

NOTE 14 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

The changes in long-term obligations of the School District during the fiscal year were as follows:

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

<u>General Long-term Obligations</u>	Balance July 1	Additions	Deletions	Balance June 30	Due within one year
<u>General Obligation Bonds</u>					
2012 Refunding School Improvement	\$ 3,745,000	\$ -	\$ (1,300,000)	\$ 2,445,000	\$ 1,330,000
Premium on bonds	33,473	-	(22,990)	10,483	-
2016 School Facilities Improvement	33,165,000	-	(570,000)	32,595,000	575,000
Premium on bonds	2,708,589	-	(132,678)	2,575,911	-
Subtotal bonds	<u>39,652,062</u>	<u>-</u>	<u>(2,025,668)</u>	<u>37,626,394</u>	<u>1,905,000</u>
<u>Other Obligations</u>					
Compensated absences	1,091,386	267,348	(233,174)	1,125,560	197,882
Lease purchase agreement	180,078	-	(87,697)	92,381	92,381
Land purchase agreement	305,000	-	(50,000)	255,000	50,000
Capital leases:					
Copy machines	60,518	-	(28,498)	32,020	27,914
Buses	134,506	-	(89,010)	45,496	45,496
Subtotal capital leases	<u>195,024</u>	<u>-</u>	<u>(117,508)</u>	<u>77,516</u>	<u>73,410</u>
Subtotal other obligations	<u>1,771,488</u>	<u>267,348</u>	<u>(488,379)</u>	<u>1,550,457</u>	<u>413,673</u>
<u>Net pension liability</u>					
STRS	35,567,364	-	(10,641,317)	24,926,047	-
SERS	9,227,761	-	(1,639,750)	7,588,011	-
Subtotal net pension liability	<u>44,795,125</u>	<u>-</u>	<u>(12,281,067)</u>	<u>32,514,058</u>	<u>-</u>
<u>Net OPEB liability</u>					
STRS	5,682,643	-	(1,588,711)	4,093,932	-
SERS	3,624,670	-	(170,864)	3,453,806	-
Subtotal net OPEB liability	<u>9,307,313</u>	<u>-</u>	<u>(1,759,575)</u>	<u>7,547,738</u>	<u>-</u>
Total general long-term obligations	<u>\$ 95,525,988</u>	<u>\$ 267,348</u>	<u>\$ (16,554,689)</u>	<u>\$ 79,238,647</u>	<u>\$ 2,318,673</u>

General obligation bonds: General obligation bonds are direct obligations of the School District for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes. Property tax monies will be received in and the debt will be repaid from the bond retirement debt service fund.

On April 10, 2012, the School District issued \$6,530,000 in general obligation bonds with an average interest rate of 1.5-3.0% to refund \$6,600,000 of outstanding 2001 School Improvement Refunding Bonds with an average interest rate of 3.80-4.80%. The bond proceeds consisted of bond principal and \$292,612 of premium. The net proceeds of \$6,408,447 (after payment of \$121,553 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of the 2001 School Improvement Refunding Bonds refunded. These bonds are serial bonds and were called and subsequently redeemed on June 1, 2012. As a result of this issue, the old bonds are considered to be defeased and the liability has been removed.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

During fiscal year 2016, the School District issued \$33,500,000 in general obligation bonds with interest rates ranging from 1%-5%. The School Facilities Improvement bonds are direct obligations of the School District for which its full faith and credit are pledged for repayment. The bonds were issued for providing resources for constructing, renovating, remodeling, furnishing, equipping and otherwise improving school facilities and their sites. At fiscal year end the School District had \$28,580,398 in unspent proceeds.

Compensated absences: Compensated absences will be paid from the fund from which the person is paid. In prior years, compensated absences were typically paid from the general fund.

Capital leases: Capital lease obligations will be paid from the general and permanent improvement funds.

Purchase agreements: The lease purchase agreement will be paid from the permanent improvement fund. The land purchase agreement will be paid from the building fund.

There is not a repayment schedule for the net pension liability and net OPEB liability; however the School District pays pension and OPEB obligations related to employee compensation from the fund benefitting from their service.

Principal and interest requirements to amortize all bonds outstanding at June 30, 2018 are as follows:

Fiscal Year	2016 School Facilities Improvement			2012 School Improvement Refunding		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 575,000	\$ 1,271,225	\$ 1,846,225	\$ 1,330,000	\$ 40,600	\$ 1,370,600
2020	580,000	1,264,000	1,844,000	1,115,000	13,650	1,128,650
2021	590,000	1,255,225	1,845,225	-	-	-
2022	600,000	1,246,300	1,846,300	-	-	-
2023	610,000	1,237,225	1,847,225	-	-	-
2024-2028	3,225,000	5,988,125	9,213,125	-	-	-
2029-2033	3,800,000	5,372,500	9,172,500	-	-	-
2034-2038	4,630,000	4,531,900	9,161,900	-	-	-
2039-2043	5,665,000	3,455,975	9,120,975	-	-	-
2044-2048	7,185,000	1,889,025	9,074,025	-	-	-
2049-2051	5,135,000	313,500	5,448,500	-	-	-
Total	<u>\$ 32,595,000</u>	<u>\$ 27,825,000</u>	<u>\$ 60,420,000</u>	<u>\$ 2,445,000</u>	<u>\$ 54,250</u>	<u>\$ 2,499,250</u>

Fiscal Year	Lease purchase agreement			Land purchase agreement		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 92,381	\$ 4,933	\$ 97,314	\$ 50,000	\$ 7,472	\$ 57,472
2020	-	-	-	50,000	6,006	56,006
2021	-	-	-	50,000	4,541	54,541
2022	-	-	-	50,000	3,076	53,076
2023	-	-	-	55,000	1,612	56,612
	<u>\$ 92,381</u>	<u>\$ 4,933</u>	<u>\$ 97,314</u>	<u>\$ 255,000</u>	<u>\$ 22,707</u>	<u>\$ 277,707</u>

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 15 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In a prior year, the School District entered into capital lease agreements for the acquisition of copiers and for buses. The terms of each agreement provide options to purchase the equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized as equipment in the amount of \$569,365 equal to the present value of the future minimum lease payments at the time of acquisition. Principal payments in the current fiscal year totaled \$117,508. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments at year-end.

Fiscal Year	Lease Payments
2019	\$ 75,091
2020	<u>4,135</u>
Total minimum lease payments	79,226
Less: amount representing interest	<u>(1,710)</u>
Total	<u>\$ 77,516</u>

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

The Metropolitan Regional Service Council (MRSC) is the computer service organization or Information Technology Center (ITC) used by the School District. MRSC is also known as Northeast Ohio Network for Educational Technology (NEOnet), which is the name used exclusively prior to their reorganization from a consortium to a council of governments. The superintendent from each member entity is appointed to the legislative body of MRSC known as the assembly. The assembly elects a board of directors consisting of nine members. These members comprise the managerial body of the council and meet at least five times yearly. The operations of MRSC are under the control of the board of directors and the executive director. The purpose of the MRSC is to develop and employ a computer system efficiently and effectively for the needs of the member school districts. All members are required to pay fees, charges and assessments as charged. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. During fiscal year 2018, the School District contributed \$236,089 to MRSC. This contribution includes purchases of software and related items as well as payment for services. Financial information can be obtained by contacting the fiscal agent at 700 Graham Road Cuyahoga Falls, Ohio 44221.

The Ohio Schools Council (Council) is a jointly governed organization among 210 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in thirty-three northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to its members. Each member supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2018, the School District paid the Council \$1,047 for membership fees. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

The Six District Educational Compact is a jointly governed organization consisting of six participating school districts, to provide for the vocational and special education needs of their students. The six-member board consists of the superintendent from each of the participating school districts. Students may attend vocational or special education classes offered by any of the six school districts. If a student is accepted to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district which offers the class. The Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. All revenues are generated from charges for services. During fiscal year 2018, the School District contributed \$131,865 to the Compact. All financial inquiries should be addressed to the Treasurer of the Hudson City School District, 2386 Hudson-Aurora Road, Hudson, Ohio 44236.

NOTE 17 - CONTINGENCIES

The School District is party to legal proceedings. However, the School District's management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2018.

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal 2018 financial statements is not determinable, at this time. Management believes this may result in either an immaterial receivable to, or a liability of, the School District.

NOTE 18 - STATUTORY RESERVES

The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The School District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, this amount may not be used to reduce the set aside requirement for future years. This negative balance is, therefore, not presented as being carried forward to future years.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

The following information describes the change in the year-end set-aside amounts for capital maintenance.

	Capital Maintenance <u>Reserve</u>
Set-aside cash balance as of June 30, 2017	\$ -
Current year set-aside requirement	345,906
Current year offset	<u>(1,870,000)</u>
Total	<u>\$ (1,524,094)</u>
Balance carried forward to future years	<u>\$ -</u>

NOTE 19 – CONSTRUCTION COMMITMENTS

As of June 30, 2018, the School District has construction commitments in the amount of \$2,414,221 for on-going construction projects within the School District.

NOTE 20 – TAX ABATEMENTS

Pursuant to Ohio Revised Code (ORC) Section 3735, the City of Cuyahoga Falls (the City) established a Community Reinvestment Area (CRA) program. The CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing has traditionally been discouraged. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for the renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

Pursuant to Ohio Revised Code Chapter 5709, the City established enterprise zones to encourage new investment. Property tax abatements are obtained through application by the property owner, including proof that the improvements have been made, and equal to 100 percent of the additional property tax resulting from the increase in assessed values as a result of the improvement. The abatement is realized as a reduction in assessed value on the recipient's tax bill. The City also contracts with the School District for payments in lieu of taxes when required by the Ohio Revised Code.

The total value of the School District's share of taxes abated within the CRA and enterprise zone areas for fiscal year 2018 totaled \$512,534.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2018, the School District implemented the Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits other than Pensions.” GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net position June 30, 2017	(\$18,743,029)
Adjustments:	
Net OPEB liability	(9,307,313)
Deferred outflow - payments subsequent to measurement date	<u>69,297</u>
Restated net position June 30, 2017	<u><u>(\$27,981,045)</u></u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Required Supplementary Information

Woodridge Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Five Fiscal Years (1)

	2017	2016	2015	2014
School Employees Retirement System (SERS) of Ohio				
School District's proportion of the net pension liability	0.127001%	0.126078%	0.121612%	0.118815%
School District's proportionate share of the net pension liability	\$ 7,588,011	\$ 9,227,761	\$ 6,939,316	\$ 6,013,160
School District's covered employee payroll	\$ 4,317,950	\$ 3,833,621	\$ 3,624,363	\$ 3,446,825
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	175.73%	240.71%	191.46%	174.46%
Plan fiduciary net position as a percentage of total pension liability	69.50%	62.98%	69.16%	71.70%
	2017	2016	2015	2014
State Teachers Retirement System (STRS) of Ohio				
School District's proportion of the net pension liability	0.10492874%	0.10625683%	0.10259855%	0.10307773%
School District's proportionate share of the net pension liability	\$ 24,926,047	\$ 35,567,364	\$ 28,355,238	\$ 25,072,071
School District's covered employee payroll	\$ 11,602,443	\$ 11,240,386	\$ 10,890,064	\$ 10,590,746
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	214.83%	316.42%	260.38%	236.74%
Plan fiduciary net position as a percentage of total pension liability	75.30%	66.80%	72.10%	74.70%

(1) Ten years of information will be presented as information becomes available. Information prior to 2013 is not available.
The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

2013

0.118815%

\$ 7,065,547

\$ 3,123,685

226.19%

65.52%

2013

0.10307773%

\$ 29,865,687

\$ 9,959,154

299.88%

69.30%

Woodridge Local School District
Required Supplementary Information
Schedule of School District Contributions - Pension
Last Six Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School Employees Retirement System (SERS) of Ohio					
Contractually required contribution	\$ 490,245	\$ 604,513	\$ 536,707	\$ 477,691	\$ 477,730
Contributions in relation to contractually required contribution	<u>(490,245)</u>	<u>(604,513)</u>	<u>(536,707)</u>	<u>(477,691)</u>	<u>(477,730)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered employee payroll	\$ 3,631,444	\$ 4,317,950	\$ 3,833,621	\$ 3,624,363	\$ 3,446,825
Contributions as a percentage of covered employee payroll	13.50%	14.00%	14.00%	13.18%	13.86%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State Teachers Retirement System (STRS) of Ohio					
Contractually required contribution	\$ 1,675,402	\$ 1,624,342	\$ 1,573,654	\$ 1,524,609	\$ 1,376,797
Contributions in relation to contractually required contribution	<u>(1,675,402)</u>	<u>(1,624,342)</u>	<u>(1,573,654)</u>	<u>(1,524,609)</u>	<u>(1,376,797)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered employee payroll	\$ 11,967,157	\$ 11,602,443	\$ 11,240,386	\$ 10,890,064	\$ 10,590,746
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%	14.00%	13.00%

(1) Ten years of information will be presented as information becomes available. Information prior to 2013 is not available.

2013

\$ 432,318

(432,318)

\$ -

\$ 3,123,685

13.84%

2013

\$ 1,294,690

(1,294,690)

\$ -

\$ 9,959,154

13.00%

Woodridge Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Last Two Fiscal Years (1)

	<u>2017</u>	<u>2016</u>
School Employees Retirement System (SERS) of Ohio		
School District's proportion of the net OPEB liability	0.128694%	0.127165%
School District's proportionate share of the net OPEB liability	\$ 3,453,806	\$ 3,624,670
School District's covered employee payroll	\$ 4,317,950	\$ 3,833,621
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	79.99%	94.55%
Plan fiduciary net position as a percentage of total OPEB liability	12.46%	11.49%

	<u>2017</u>	<u>2016</u>
State Teachers Retirement System (STRS) of Ohio		
School District's proportion of the net OPEB liability	0.10492874%	0.10625683%
School District's proportionate share of the net OPEB liability	\$ 4,093,932	\$ 5,682,643
School District's covered employee payroll	\$ 11,602,443	\$ 11,240,386
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	35.29%	50.56%
Plan fiduciary net position as a percentage of total OPEB liability	47.10%	37.30%

(1) Ten years of information will be presented as information becomes available. Information prior to 2013 is not available. The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

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Woodridge Local School District
Required Supplementary Information
Schedule of School District Contributions - OPEB
Last Six Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School Employees Retirement System (SERS) of Ohio					
Contractually required contribution (2)	\$ 87,029	\$ 69,297	\$ 61,765	\$ 91,486	\$ 62,522
Contributions in relation to contractually required contribution	<u>(87,029)</u>	<u>(69,297)</u>	<u>(61,765)</u>	<u>(91,486)</u>	<u>(62,522)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered employee payroll	\$ 3,631,444	\$ 4,317,950	\$ 3,833,621	\$ 3,624,363	\$ 3,446,825
Contributions as a percentage of covered employee payroll	2.40%	1.60%	1.61%	2.52%	1.81%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
State Teachers Retirement System (STRS) of Ohio					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ 105,907
Contributions in relation to contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,907)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered employee payroll	\$ 11,967,157	\$ 11,602,443	\$ 11,240,386	\$ 10,890,064	\$ 10,590,746
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	1.00%

(1) Ten years of information will be presented as information becomes available. Information prior to 2016 is not available.

(2) Includes surcharge

2013

\$ 57,413

(57,413)

\$ -

\$ 3,123,685

1.84%

2013

\$ 99,592

(99,592)

\$ -

\$ 9,959,154

1.00%

Woodridge Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

Net Pension Liability

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There was a change in benefit terms for fiscal year 2018. See the notes to the basic financials for benefit terms.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions. See the notes to the basic financials for the methods and assumptions in this calculation.

State Teachers Retirement System (STRS) of Ohio

Changes in benefit terms: There was a change in benefit terms for fiscal year 2018. See the notes to the basic financials for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

Net OPEB Liability

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There were no changes in benefit terms from the amounts reported.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

State Teachers Retirement System (STRS) of Ohio

Changes in benefit terms: There was a change in benefit terms for fiscal year 2018. See the notes to the basic financials for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

**WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018
(Prepared by Management)**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through the Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	\$ 58,044
Cash Assistance:			
National School Breakfast Program	10.553	3L70	130,570
National School Lunch Program	10.555	3L60	343,712
Total Nutrition Cluster			532,326
Total U.S. Department of Agriculture			532,326
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through the Ohio Department of Education:</i>			
Special Education Cluster:			
IDEA Part B - FY17	84.027	3M20	55,528
IDEA Part B - FY18	84.027	3M20	299,262
Total Special Education Cluster			354,790
Title I Grants to Local Education Agencies - FY17	84.010	3M00	74,373
Title I Grants to Local Education Agencies - FY18	84.010	3M00	369,595
Total Title I, Part A			443,968
Title II - A Improving Teacher Quality - FY17	84.367	3Y60	8,355
Title II - A Improving Teacher Quality - FY18	84.367	3Y60	60,634
Total Improving Teacher Quality, Title II-A			68,989
English Language Acquisition Grants, Title III - FY17	84.365	3Y70	2,457
English Language Acquisition Grants, Title III - FY18	84.365	3Y70	11,785
Total Title III			14,242
Title IV - A Student Support and Academy Enrichment - FY18	84.424	N/A	4,560
Total Title IV-A			4,560
Total U.S. Department of Education			886,549
Total Expenditures of Federal Awards			\$ 1,418,875

The accompanying notes are an integral part of this schedule.

**WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018
(Prepared by Management)**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Woodridge Local School District (the District) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2018 to 2019 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Title I	84.010	\$11,437
IDEA-B	84.027	\$29,776
Title II-A	84.367	\$4,526
Title IV-A	84.424	\$5,747

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Woodridge Local School District
Summit County
4411 Quick Road
Peninsula, Ohio 44264

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodridge Local School District, Summit County, Ohio (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 28, 2018. We noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
December 28, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Woodridge Local School District
Summit County
4411 Quick Road
Peninsula, Ohio 44264

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Woodridge Local School District, Summit County, Ohio's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2018. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulation* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Woodridge Local School District, Summit County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
December 28, 2018

**WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I – CFDA # 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



WOODRIDGE LOCAL SCHOOL DISTRICT

SUMMIT 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
FEBRUARY 21, 2019**