



**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2010



Mary Taylor, CPA
Auditor of State

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Granville T Woods Community Shule
Franklin County
P.O. Box 32323
Columbus, Ohio 43228

To the Board of Trustees:

We have audited the accompanying basic financial statements of the Granville T Woods Community Shule, Franklin County, Ohio (the Shule), as of and for the year ended June 30, 2010 as listed in the table of contents. These financial statements are the responsibility of the Shule's management. Our responsibility is to express opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Granville T Woods Community Shule, Franklin County, Ohio, as of June 30, 2010, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 13, the Shule ceased operations on July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2011 on our consideration of the Shule's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential 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 other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 18, 2011

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The discussion and analysis of the Granville T. Woods Community Shule's (the Shule) financial performance provides an overall review of the Shule's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the Shule's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Shule's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- In total, net assets decreased \$22,001 in fiscal year 2010. Ending net assets were \$3,999 at June 30, 2010 compared to \$26,000 at June 30, 2009.
- Total assets decreased \$38,905, which represents a 72% decrease from 2009.
- Liabilities decreased \$16,904, which represents a 60% percent decrease from 2009.

Using this Financial Report

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The Statement of Net Assets presents information on all of the Shule's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Shule is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the Shule's net assets changed from the most recent fiscal year. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Statement of Net Assets

The Statement of Net Assets answers the question, "How did we do financially during 2010?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Shule's net assets for fiscal year 2010 and 2009:

(Table 1)
Net Assets

	<u>Assets</u>	
	<u>2010</u>	<u>2009</u>
Current Assets	\$12,995	\$ 47,499
Capital Assets, Net	2,276	6,677
Total Assets	<u>15,271</u>	<u>54,176</u>
 Liabilities		
Current Liabilities	<u>11,272</u>	<u>28,176</u>
Total Liabilities	<u>11,272</u>	<u>28,176</u>
 Net Assets		
Invested in Capital Assets	2,276	6,677
Unrestricted	<u>1,723</u>	<u>19,323</u>
Total Net Assets	<u>\$ 3,999</u>	<u>\$ 26,000</u>

Total assets decreased by \$38,905 from prior year as a result of the Shule's decrease in current assets and capital assets, principally a decrease in cash on hand and depreciation expense on capital assets.

Liabilities decreased \$16,904 from prior year, primarily the result of a reduction in accrued wages and benefits, due to the closure of the Shule.

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Table 2 shows the changes in net assets for fiscal year 2010 and fiscal year 2009, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Assets

	2010	2009
<u>Operating Revenues</u>		
Foundation Payments	\$441,579	\$374,188
Food Service	1,270	13,831
Misc	3,394	9,115
Total Operating Revenues	469,106	397,134
 <u>Operating Expenses</u>		
Salaries	335,368	264,747
Fringe Benefits	79,561	70,935
Purchased Services	176,200	159,779
Materials and Supplies	25,293	12,265
Depreciation	4,401	4,996
Other Expenses	34,949	25,425
Total Expenses	655,772	538,147
 Operating Loss	 (209,529)	 (140,983)
 <u>Non-Operating Revenues:</u>		
Federal, State and Local Grants	187,528	72,139
Total Non-Operating Revenues	187,528	72,139
 Change in Net Assets	 (22,001)	 (68,844)
 Net Assets Beginning of Year	 26,000	 94,844
 Net Assets End of Year	 \$3,999	 \$26,000

Net assets decreased by \$22,001 in 2010 from 2009. Operating revenues increased \$71,972 or 18% due to an increase in Foundation payments caused by an increase in enrollment. Non-operating revenues increased \$115,389 or 160% due to an increase in federal grants from 2009, principally ARRA.

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Capital Assets

At the end of fiscal year 2010 the School had \$2,276 invested in furniture, fixtures, and equipment, which represented a decrease of \$4,401 from 2009 due to depreciation. Table 3 shows fiscal year 2010 and 2009:

(Table 3)
**Capital Assets at June 30, 2010
(Net of Depreciation)**

	<u>2010</u>	<u>2009</u>
Furniture, Fixtures, and Equipment	\$27,504	\$27,504
Less: Accumulated Depreciation	<u>(25,228)</u>	<u>(20,827)</u>
Totals	<u>\$2,276</u>	<u>\$6,677</u>

For more information on capital assets see Note 5 to the basic financial statements.

Debt

At June 30, 2010, the Shule had no capital leases or other long term debt outstanding.

Current Financial Issues

The Granville T. Woods Community Shule was formed in 2002. During the 2009-2010 school year, there were approximately 68 students enrolled in the Shule. Due to non-renewal of the Community School Contract with the sponsor and continuing operating losses, management decided to close the Shule after the 2009-2010 school year.

Contacting the Shule's Financial Management

This financial report is designed to provide our citizen's with a general overview of the Shule's finances and to show the Shule's accountability for the money it receives. If you have questions about this report or need additional information contact Carol Rivers, at Granville T. Woods Community Shule, 720 Mount Vernon Avenue, Columbus, Ohio, 43203.

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

Assets

Current Assets

Cash and Cash Equivalents \$ 12,995

Non-Current Assets

Capital Assets (Net of Accumulated Depreciation) 2,276

Total Assets 15,271

Liabilities

Current Liabilities

Accrued Wages and Benefits 4,901

Intergovernmental Payable 6,371

Total Current Liabilities 11,272

Net Assets

Invested in Capital Assets 2,276

Unrestricted 1,723

Total Net Assets \$ 3,999

The notes to the financial statements are an integral part of this statement.

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

Operating Revenues

Foundation payments	\$ 441,579
Food Service	1,270
Miscellaneous	3,394
Total Operating Revenues	<u>446,243</u>

Operating Expenses

Salaries	335,368
Fringe Benefits	79,561
Purchased Services	176,200
Supplies and materials	25,293
Depreciation	4,401
Other	34,949
Total Operating Expenses	<u>655,772</u>

Operating Loss (209,529)

Non-operating Revenues

Federal, State, and Local Grants	187,528
Total Non-Operating Revenues	<u>187,528</u>

Change in Net Assets (22,001)

Net Assets Beginning of year	26,000
Net Assets End of year	<u>\$ 3,999</u>

The notes to the financial statements are an integral part of this statement.

**GRANVILLE T.WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>2010</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received From Foundation Payments	\$ 441,579
Cash Received From Charges for Services and Other Receipts	4,665
Cash Payments to Suppliers for Goods and Services	(239,800)
Cash Payments to Employees for Services and Benefits	<u>(428,476)</u>
<i>Net Cash Used for Operating Activities</i>	(222,032)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Federal and State Subsidies	187,528
<i>Net Decrease in Cash and Cash Equivalents</i>	(34,504)
Cash and Cash Equivalents at Beginning of Year	<u>47,499</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 12,995</u></u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	\$ (209,529)
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>	
Depreciation Expense	4,401
Changes in Assets and Liabilities:	
Increase in Intergovernmental Payable	2,885
Decrease in Accrued Wages and Benefits	<u>(19,789)</u>
Total Adjustments	<u>(12,503)</u>
<i>Net Cash Used by Operating Activities</i>	<u><u>\$ (222,032)</u></u>

See the Accompanying Notes to the Basic Financial Statements.

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**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 – DESCRIPTION OF THE SHULE AND REPORTING ENTITY

Granville T. Woods Community Shule (the Shule) is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in kindergarten through grade four. The Shule, which is part of the State's education program, is independent of any School district. The Shule may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Shule. Granville T. Woods Community Shule qualifies as an exempt organization under Section 501c (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Shule's tax exempt status.

The Shule was approved for operation under contract with the Ohio State Board of Education (the Sponsor) for a period of five years commencing July 1, 2002. However, the Ohio State Board of Education subsequently decided to suspend its sponsorship of community schools and the Shule obtained St. Aloysius orphanage as its sponsor for the school year beginning July 1, 2005. This agreement ceased at the conclusion of the year ending June 30, 2010.

The Shule operates under the direction of a seven-member Board of Trustees. The Board of Trustees is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Trustees controls the Shule's one instructional/support facility staffed by one [1] non-certified and nine [9] certificated full time teaching personnel who provide services to 68 students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Shule have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Shule also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements; however the Shule has elected not to follow any FASB statements or interpretations after November 30, 1989. The more significant of the Shule's accounting policies are described below.

A. Basis Of Presentation

The Shule's basic financial statements consist of a Statement of Net Assets, a Statement of Revenue, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the Shule's finances meet cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Shule's financial statements are prepared using the accrual basis of accounting.

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.

Non-exchange transactions, in which the Shule receives value without directly giving equal value in return, include grants, entitlements, and donations. 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 Shule must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Shule on a reimbursement basis.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the school and its sponsor. The contract between the Shule and its Sponsor, the St. Aloysius orphanage, does not prescribe a budgetary process for the Shule; therefore no budgetary information is presented in the financial statements.

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

All monies received by the Shule are maintained in a demand deposit account. For internal accounting purposes, the Shule segregates its cash. Total cash is presented as “cash and cash equivalents” on the accompany statements of net assets.

F. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Shule maintains a capitalization threshold of one thousand dollars. The Shule 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 an asset’s life are not.

Furniture and equipment are depreciated using the straight-line method over the estimated useful life of three to seven years, respectively. Improvements are depreciated over the remaining useful lives of the related capital assets.

G. Compensated Absences

Personal leave benefits are accrued as a liability for compensated balances only to the extent such leave is unpaid/unused at year end. It is the policy of the Shule to payout all unused personal leave to its employees prior to year end. Sick leave benefits and vacation benefits are not accrued as a liability as it is the policy of the Shule not to pay-out these benefits upon employee termination.

There was no liability for compensated absences at June 30, 2010.

H. Net Assets

Net assets represent the difference between assets and liabilities. Investments in capital assets, net of related debt 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. The Shule has no debt.

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the Shule, these revenues are primarily foundation payments from the state. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Shule. Revenues and expenses not meeting this definition are reported as non-operating.

J. Contributions of Capital

Contributions of capital arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The Shule received no capital contributions during fiscal year 2010.

K. 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 – DEPOSITS

At fiscal year end, the carrying amount of the Shule's deposits was \$12,995 and the bank balance was \$30,091. Of the bank balance, all was covered by federal depository insurance and was exposed to custodial credit risk. The Shule has no policy related to custodial credit risk.

The Shule had no investments at June 30, 2010, or during the fiscal year.

NOTE 4 - RECEIVABLES

The Shule had no receivables at June 30, 2010.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010:

	Balance 6/30/2009	Additions	Deductions	Balance 6/30/2009
Furniture, Fixtures, and Equipment	\$27,504	\$0	\$0	\$27,504
Less: Accumulated Depreciation	(20,827)	(4,401)	0	(25,228)
Totals	<u>\$6,677</u>	<u>\$(4,401)</u>	<u>\$0</u>	<u>\$2,276</u>

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

NOTE 6 - RISK MANAGEMENT

A. Property and Liability

The Shule is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the Shule contracted with a commercial carrier for general liability, rental/theft, and directors and officers' liability insurance.

There has been no significant change in insurance coverage from last year. Settled claims have not exceeded commercial coverage in either of the past two years.

B. Workers' Compensation

The Shule pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Shule contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Shule Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. Ten percent of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by SERS' Retirement Board. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$3,942, \$6,774, and \$22,447, respectively; 100 percent has been contributed for all fiscal years.

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio

The Shule participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio Web site at www.strs.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan.

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

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

Contributions rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers, 13 percent was the portion used to fund pension obligations. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Shule's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$32,708, \$29,841, and \$84,261, respectively; 100% was contributed for 2010 and 100 percent has been contributed for 2009 and 2008.

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

NOTE 8 - POSTEMPLOYMENT BENEFITS

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

A. State Teachers Retirement System

STRS retirees who participate in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2008, the STRS Ohio Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund. The Shule's contribution for health care for the fiscal years ended June 30, 2010, 2009 and 2008 were \$1,249, \$2,350, and \$2,457 respectively.

B. School Employees Retirement System

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

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401(h). For 2010, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010 this amount was \$1,535. For the Shule, the amount contributed to fund health care benefits, including the surcharge, during the 2010 fiscal year equaled \$1,249.

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

NOTE 9 - EMPLOYEE BENEFITS

A. Compensated Absences

All employees are at-will employees and do not have contracts as employees in the traditional school districts. Salaried employees accrue sick time of five (5) days per school year and are awarded two (2) personal days at the beginning of the school year. Employees earn .5 days of sick leave from September through June to be used for personal and family illness. Personal leave is non-accumulating and may be used for any reason in increments of one half hour. Personal leave balances at school year end are paid out at 100% of the employee's hourly rate.

Hourly rate employees do not accrue leave and are paid based upon hours worked only. Upon separation of service, employees are not paid for unused personal or sick leave time.

B. Insurance Benefits

The Shule has contracted with a private carrier to provide employee medical/surgical, dental, and vision benefits. The Shule pays 80% of the monthly premium and the employee is responsible for the remaining 20%. Insurance premiums vary by employee depending upon such factors as age, gender, and number of covered dependents.

NOTE 10 – OPERATING LEASES-OFFICE AND EDUCATION FACILITIES

The Shule leased classrooms and offices at 720 Mount Vernon Avenue, Columbus, Ohio thru June 30, 2010. For the access and use of these spaces, the Shule entered into an operating lease with the Shiloh Family Institute for a semi-monthly rent of \$3,000 for the period July 1, 2009 through October 15, 2009 and for \$3,500 semi-monthly for the period October 16, 2009 through June 30, 2010.

The Shule paid \$80,500 in lease payments for the classroom and office facility for the fiscal year ended June 30, 2010. The lease was cancelled as of June 30, 2010 with the closure of the Schule'.

NOTE 11 – PURCHASED SERVICES

For the fiscal period July 1, 2009 through June 30, 2010, purchased service expenses were payments for services rendered by various vendors as follows:

Professional/Technical Services	\$64,830
Property Services	85,797
Communications	3,254
Contracted Trade Services	<u>22,318</u>
Total	<u>\$176,200</u>

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

NOTE 12 - CONTINGENCIES

A. Grants

The Shule received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Shule. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Shule at June 30, 2010.

B. State Funding

The Ohio Department of Education reviews enrollment data and full time equivalency (FTE) calculations made by the Shule. These reviews ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. As a result of a recent review, it was determined that the Shule was over funded during fiscal 2010 by \$1,142. This amount was recognized at June 30, 2010 as an intergovernmental payable.

NOTE 13 – SUBSEQUENT EVENT

The Shule experienced a substantial operating loss for fiscal year 2009 and several previous years. As a result, management has decided to close the Shule after the 2010 year. On June 28, 2010, the Shule Board of Trustees passed a resolution to close the Shule and cease operations on July 1, 2010.

The following is a schedule of all receipt and expenditure transactions which occurred subsequent to July 1, 2010:

<u>Date</u>	<u>Receipt</u>	<u>Expenditure</u>	<u>Payee/Vendor</u>	<u>Description</u>	<u>Balance</u>
06/30/10					\$ 12,995
07/01/10	4,200		WC Cupe College Preparatory School	Sale of Furniture - Auction	17,195
07/01/10		200	Fifth Third	Cash Withdrawal - Payment for moving services	16,995
07/01/10		60	USPS	Rental for post office box	16,935
07/07/10		36	Sharp-Shred LLC	Recycling	16,899
08/09/10		4,901	Paychex	Payroll Deduction 6/1/10- 6/30/10	11,998
08/10/10		49	Paychex	Payroll Deduction 7/2/10- 7/29/10	11,949
08/10/10		84	Paychex	Payroll Deduction 8/6/10	11,865
08/20/10	58		Time Warner	Customer Refund	11,923
09/09/10		1,200	Carol Rivers	Supplemental Pay	10,723
09/27/10		10	Fifth Third	Photo Copy - Bank Fee	10,713
10/07/10		2,000	Carol Rivers	Supplemental Pay	8,713
11/10/10		10	Paychex	Payroll Deduction 10/1/10- 10/28/10	8,703
12/01/10		5	Fifth Third	Bank Service Fee	8,698

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

NOTE 13 – SUBSEQUENT EVENT (Continued)

Date	Receipt	Expenditure	Payee/Vendor	Description	Balance
12/30/10	2		Fifth Third Bank	Interest	8,700
01/07/11	120		Pearson Education	Refund	8,820
01/12/11		369	Paychex	Payroll Deduction 12/24/10 - 1/27/11	8,451
01/17/11		5,229	STRS	Employer share of Contributions	3,222
01/21/11		145	Fifth Third	Bank Service Fee	3,077
01/24/11		531	Treasurer of State Ohio	Financial Audit Fee	2,546
02/07/11	2,188		SERS	Refund	4,734
02/22/11		5	Fifth Third	Bank Service Fee	4,729



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

Granville T Woods Community Shule
Franklin County
P.O. Box 32323
Columbus, Ohio 43228

To the Board of Trustees:

We have audited the basic financial statements of Granville T Woods Community Shule, Franklin County, Ohio (the Shule) as of and for the year ended June 30, 2010, and have issued our report thereon dated March 18, 2011, wherein we noted the Shule ceased operations on July 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Shule's management in a separate letter dated March 18, 2011.

The Shule's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Shule's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, Board of Trustees, the Shule's sponsor (St. Aloysius Orphanage), and others within the Shule. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

March 18, 2011

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2010**

<i>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</i>

FINDING NUMBER 2010-001

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Shule's management and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Shule has monitoring controls over daily cash-basis transactions entered into the accounting system. At year-end the cash basis information from the accounting system is converted into the financial statements reported under Accounting Principles Generally Accepted in the United States of America. Accrual information and the financial statements are prepared by the Shule.

The following audit adjustments and reclassifications were made to the financial statements and where applicable the Shule's ledgers:

1. Reclassification of \$428,475 of expenditures from payments to suppliers for goods and services to payments to employees for services and benefits on the Statement of Cash Flows;
2. Adjustment to record \$423 to of supplies and material expense for unrecorded debit card expenditures not posted to the ledgers, with a corresponding reduction Cash and cash equivalents assets;
3. Adjustment to record an unrecorded accrued wages and benefit liability of \$4,901.

The following difference was immaterial to the overall June 30, 2010 financial statements of the Shule and was not posted:

1. Reclassification of \$1,397 of improperly recorded debit card expenditures.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Shule develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Shule and thereby increases the reliability of the financial data throughout the year. We also recommend the Shule implement additional procedures over the completeness and accuracy of financial information reported within the Shule's annual report. Such procedures may include review of the financial statements and related components by a member of management with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions

Official's Response:

Management has recognized the recommended adjustments to the financial statements and recorded those. The items have been classified as recommended.

**GRANVILLE T. WOODS COMMUNITY SHULE
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid;
2009-GTW-01	The Shule did not cover their employees under Bureau of Worker's Compensation.	Yes	
2009-GTW-02	Lack of documentation for debit card expenditures leading to lack of proof of proper public purpose.	No	Repeated as a recommendation to Management
2009-GTW-03	Lack of internal controls for proper and accurate financial reporting	No	Repeated as Finding Number 2010-001



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Granville T Woods Community Shule
Franklin County
P.O. Box 32323
Columbus, Ohio 43228

To the Board of Trustees:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Granville T. Woods Community Shule, Franklin County has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on January 15, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees and the sponsor, St. Aloysius Orphanage, and is not intended to be and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

March 18, 2011



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GRANVILLE T. WOODS COMMUNITY SHULE

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 10, 2011**