

***GRANVILLE T. WOODS COMMUNITY SHULE'***  
***FRANKLIN COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEAR ENDED JUNE 30, 2009***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Board of Trustees  
Granville T. Woods Community Shule'  
720 Mount Vernon Avenue  
Columbus, Ohio 43203

We have reviewed the *Report of Independent Accountants* of the Granville T. Woods Community Shule', Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. 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 Granville T. Woods Community Shule' is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

February 22, 2011

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**GRANVILLE T. WOODS COMMUNITY SHULE’  
FRANKLIN COUNTY  
Audit Report  
For the Year Ending June 30, 2009**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Granville T. Woods Community Shule'  
Franklin County  
720 Mount Vernon Avenue  
Columbus, Ohio 43203

To the Board of Trustees:

We have audited the accompanying basic financial statements of the Granville T. Woods Community Shule' (the Shule') as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Shule's management. Our responsibility is to express an 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 *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 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Granville T. Woods Community Shule' as of June 30, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Shule' will continue as a going concern. The Shule' has experienced losses the past several years that raise substantial doubt about its ability to continue as a going concern. As described in Note 14, the Shule' terminated operations after the 2010 school year. The financial statements do not include any adjustments as a result of this decision.

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 20, 2010 on our consideration of the Shule's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

***Charles E. Harris & Associates, Inc.***

August 20, 2010

## **GRANVILLE T. WOODS COMMUNITY SHULE'**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
(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, 2009. 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 \$68,844 in fiscal year 2009. Ending net assets were \$26,000 at June 30, 2009 compared to \$94,844 at June 30, 2008 as restated.
- Total assets decreased \$103,016, which represents a 66 percent decrease from 2009.
- Liabilities decreased \$34,172, which represents a 55 percent decrease from 2008.

### **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'**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
(Unaudited)

Statement of Net Assets

The Statement of Net Assets answers the question, "How did we do financially during 2009?" 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 2009 and 2008:

(Table 1)  
**Net Assets**

<b>Assets</b>	<u>2009</u>	<u>2008</u>
Current Assets	\$47,499	\$145,549
Capital Assets, Net	6,677	11,643
Total Assets	<u>54,176</u>	<u>157,192</u>
<b>Liabilities</b>		
Current Liabilities	<u>28,176</u>	<u>62,348</u>
Total Liabilities	28,176	62,348
<b>Net Assets</b>		
Invested in Capital Assets	6,677	11,643
Unrestricted	19,323	83,201
Total Net Assets	<u>\$26,000</u>	<u>\$94,844</u>

Total assets decreased \$103,016. This decrease was due primarily to an operating loss. Current liabilities decreased \$34,172 primarily due to a decrease in accrued payroll.

**GRANVILLE T. WOODS COMMUNITY SHULE'**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
(Unaudited)

Table 2 shows the changes in net assets for fiscal year 2009 and fiscal year 2008, as well as a listing of revenues and expenses.

(Table 2)  
**Change in Net Assets**

	<u>2009</u>	<u>2008</u>
Operating Revenues:		
Foundation Payments	\$374,188	\$664,868
Food Service	13,831	24,988
Miscellaneous	9,115	5,683
Total Operating Revenues	<u>397,134</u>	<u>695,539</u>
Operating Expenses		
Salaries	264,747	401,982
Fringe Benefits	70,935	207,673
Purchased Services	159,779	233,155
Materials and Supplies	12,265	51,860
Depreciation	4,966	5,308
Other Expenses	25,425	5,779
Total Expenses	<u>538,117</u>	<u>905,757</u>
Operating Loss	(140,983)	(210,218)
Non-Operating Revenues:		
Federal, State and Local Grants	72,139	108,355
Total Non-Operating Revenues	<u>72,139</u>	<u>108,355</u>
Change in Net Assets	(68,844)	(101,863)
Net Assets Beginning of Year	<u>94,844</u>	<u>196,707</u>
Net Assets End of Year	<u>\$ 26,000</u>	<u>\$ 94,844</u>

Net assets decreased by \$68,844 in 2009. Operating revenues decreased \$298,405 or 43% due to a decrease in Foundation payments caused by falling enrollment. Non-operating revenues decreased \$36,216 or 33% due to a decrease in federal grants from 2008.

**GRANVILLE T. WOODS COMMUNITY SHULE'**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009  
(Unaudited)

**Capital Assets**

At the end of fiscal year 2009 the School had \$6,677 invested in furniture, fixtures, and equipment, which represented a decrease of \$4,966 from 2008 due to depreciation. Table 3 shows fiscal year 2009 and 2008:

(Table 3)  
**Capital Assets at June 30, 2009**  
**(Net of Depreciation)**

	<u>2009</u>	<u>2008</u>
Furniture, Fixtures, and Equipment	\$27,504	\$27,504
Less: Accumulated Depreciation	<u>(20,827)</u>	<u>(15,861)</u>
Totals	<u>\$6,677</u>	<u>\$11,643</u>

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

**Current Financial Issues**

The Granville T. Woods Community Shule' was formed in 2002. During the 2008-2009 school year, there were approximately 60 students enrolled in the Shule'. Due to declining enrollment 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, 2009**

**Assets**

Current Assets

Cash	\$ 47,499
Total Current Assets	<u>47,499</u>

Non-Current Assets

Capital Assets (Net of Accumulated Depreciation)	<u>6,677</u>
Total Assets	<u>\$ 54,176</u>

**Liabilities**

Current Liabilities

Accrued Wages and Benefits	\$ 24,690
Intergovernmental payable	<u>3,486</u>
Total Current Liabilities	<u>28,176</u>

**Net Assets**

Invested in Capital Assets	6,677
Unrestricted	<u>19,323</u>
Total Net Assets	<u>\$ 26,000</u>

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, 2009**

**Operating Revenues**

Foundation payments	\$ 374,188
Food Service	13,831
Miscellaneous	9,115
Total Operating Revenues	397,134

**Operating Expenses**

Salaries	264,747
Fringe Benefits	70,935
Purchased Services	159,779
Supplies and materials	12,265
Depreciation	4,966
Other	25,425
Total Operating Expenses	538,117

Operating (Loss)	(140,983)
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**Non-operating Revenues**

Federal, State, and Local Grants	72,139
Total Non-Operating Revenues	72,139

Change in Net Assets	(68,844)
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Net Assets Beginning of year	94,844
Net Assets End of year	\$ 26,000

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 YEAR ENDED JUNE 30, 2009**

**Increase (Decrease) in Cash and Cash Equivalents**

**Cash Flows from Operating Activities**

Cash Received from State	\$ 374,188
Cash Received from Charges for Services & Other Receipts	22,946
Cash Payments to Employees for Services	(294,748)
Cash Payments for Employee Benefits	(75,106)
Cash Payments to Suppliers for Goods and Services	<u>(189,469)</u>
Net Cash Used for Operating Activities	<u>(162,189)</u>

**Cash Flows from Noncapital Financing Activities**

Grants Received	<u>72,139</u>
Net Cash Provided by Noncapital Financing Activities	<u>72,139</u>

Net Increase in Cash and Cash Equivalents (90,050)

Cash beginning of year 137,549

Cash end of year \$ 47,499

**Reconciliation of Operating Income to Net Cash Used for Operating Activities**

Operating Loss \$(140,983)

**Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities**

Depreciation	4,966
Changes in Assets and Liabilities	
Decrease in Security Deposits	8,000
Decrease in Intergovernmental Payable	(4,171)
Decrease in Accrued Wages Payable	<u>(30,001)</u>
Total Adjustments	<u>(21,206)</u>

Net Cash Used for Operating Activities \$(162,189)

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

**GRANVILLE T. WOODS COMMUNITY SHULE'**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**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 is renewable each 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 2 non-certified and 6 certificated full time teaching personnel who provide services to 60 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'**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**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 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 and meets the 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 school's 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.

**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" on the accompany statements of net assets.



**GRANVILLE T. WOODS COMMUNITY SHULE'**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**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, 2009.

**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.

**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 2009.

**GRANVILLE T. WOODS COMMUNITY SHULE'**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**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 \$47,499, and the bank balance was \$48,127. Of the bank balance, all was covered by federal depository insurance.

*Investments:* The Shule' had no investments at June 30, 2009, or during the fiscal year.

**NOTE 4 - RECEIVABLES**

The Shule' had no receivables at June 30, 2009.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009:

	Balance <u>6/30/08</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/08</u>
Furniture & Equipment	\$27,504	-	-	\$27,504
Less: Accumulated Depreciation	<u>(15,861)</u>	<u>\$(4,966)</u>	-	<u>(20,827)</u>
Net Capital Assets	<u>\$11,643</u>	<u>\$(4,966)</u>	-	<u>\$6,677</u>

**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 2009, 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.

**GRANVILLE T. WOODS COMMUNITY SHULE'**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**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, 2009, 2008, and 2007 were \$6,774, \$22,447, and \$22,779, respectively; 100 percent has been contributed for all fiscal years.

**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](http://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.

**GRANVILLE T. WOODS COMMUNITY SHULE'**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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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, 2009, 2008, and 2007 were \$29,841, \$84,261, and \$82,530, respectively; 90% was contributed for 2009 and 100 percent has been contributed for 2008 and 2007.

**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.

**GRANVILLE T. WOODS COMMUNITY SHULE'**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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, 2009, 2008 and 2007 were \$2,350, \$2,457 and \$5,777 respectively.

**B. School Employees Retirement Pension**

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 2009, 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 2009 this amount was \$35,800. For the Shule', the amount contributed to fund health care benefits, including the surcharge, during the 2009 fiscal year equaled \$4,026.

**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.

**GRANVILLE T. WOODS COMMUNITY SHULE'**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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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 907 Lexington, Columbus, Ohio thru June 15, 2008. For the access and use of these spaces, the Shule' entered into an operating lease with the J.H. Ross Family Life & Community Center for the period August 2007 thru June 2008 for a monthly rent of \$8,000. The Shule subsequently moved to 720 Mount Vernon Avenue and entered into a new lease agreement with the Shiloh Baptist Church.

The Shule' paid \$81,000 in lease payments for the classroom and office facility for the fiscal year ended June 30, 2009.

**NOTE 11 – PURCHASED SERVICES**

For the fiscal period July 1, 2008 through June 30, 2009, purchased service expenses were payments for services rendered by various vendors as follows:

Professional/Technical Services	\$ 46,840
Property Services	92,044
Communications	3,819
Contracted Trade Services	<u>17,076</u>
Total	<u>\$159,779</u>

**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, 2009.

**GRANVILLE T. WOODS COMMUNITY SHULE'**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**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. The Shule' does not anticipate any material adjustments to state funding for fiscal year 2009 as a result of such review.

**NOTE 13 – PRIOR PERIOD ADJUSTMENT**

The beginning net asset balance was restated due to an accounting error related to an adjustment to cash for checks written in a prior period which were voided.

Net Assets June 30,2008	\$67,067
Adjustment for Voided Checks	<u>27,777</u>
Net Assets July 1, 2008	<u><u>\$94,844</u></u>

**NOTE 14 – 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 school year.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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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  
720 Mount Vernon Avenue  
Columbus, Ohio 43203

To the Board of Trustees:

We have audited the financial statements of the Granville T. Woods Community Shule' (the Shule') as of and for the year ended June 30, 2009, and have issued our report thereon dated August 20, 2010, wherein we noted the Shule' prepared its financial statements assuming it will continue as a going concern and decided to close after the 2010 school year. 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.

Internal Controls 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 deficiencies in internal control over financial reporting that we consider material weaknesses.

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 findings 2009-GTW-02 and 03 described in the accompanying Schedule of Findings to be material weaknesses.

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 grants 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2009-GTW-01.



The Shule's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Shule's responses and, accordingly, we express no opinion on them.

We also noted certain other matters that we have reported to management of the Shule' in a separate letter dated August 20, 2010.

This report is intended solely for the information and use of the audit committee, management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris and Associates, Inc.***

August 20, 2010

**GRANVILLE T. WOODS COMMUNITY SCHULE’**  
**FRANKLIN COUNTY, OHIO**  
**SCHEDULE OF AUDIT FINDINGS**  
**For the Year Ended June 30, 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Findings Number 2009-GTW-01 Non-Compliance**

The Ohio Revised Code requires employers of one or more employees to maintain coverage with the Ohio Bureau of Worker’s Compensation. Contrary to this requirement, the Shule’ allowed its coverage to lapse during 2009 due to lack of payment. The overdue balance was referred to the Attorney General’s office and a payment plan was entered into and coverage was reinstated.

The Shule’ is no longer operating and has no employees, therefore, no further action is recommended.

Management’s Response

We did not receive a response from management.

**Findings Number 2009-GTW-02 Material Weakness**

Government entities may not make expenditures of public monies unless they are for a valid public purpose. **State ex rel. McClure v. Hagerman**, 155 Ohio St. 320 (1951)

We noted that the Shule’ did not record many of the expenditures for a bank account linked to a debit card for the period July 2008 through June 30, 2009. Instead, management recorded a journal entry on June 30, 2009 in the amount of \$6,426.80 to record various miscellaneous expenses and balance the account. However, management was able to provide documentation for only \$3,170.27 of these expenditures. Therefore, we could not determine the propriety of \$3,256.53 of expenditures related to this account.

Management’s Response

Greater care will be taken to ensure that all receipts for school expenditures paid through the use of a debit card will be retained.

**GRANVILLE T. WOODS COMMUNITY SCHULE’  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF AUDIT FINDINGS - Continued  
For the Year Ended June 30, 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS-(Continued)</b>
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**Findings Number 2009-GTW-03 Material Weakness**

Proper internal control provides for the prevention or detection of material misstatement of the financial statements in a timely manner.

We noted the following recording errors in the Shule’s records:

- Payroll was recorded at net rather than gross pay, with the withholdings recorded as payroll taxes.

The financial statements have been adjusted to reflect the proper presentation and management has agreed with these adjustments.

Management’s Response

We did not receive a management response.

**GRANVILLE T. WOODS COMMUNITY SHULE'  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-GTW-01	Financial statements misstated requiring adjustment	No	Repeated as finding 2009-GTW-03



# Dave Yost • Auditor of State

**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  
MARCH 8, 2011**