



Dave Yost • Auditor of State



**WOODRIDGE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Woodridge Local School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Woodridge Local School District, Summit County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As describe in Note 3, during 2011, Woodridge Local School District restated its July 1, 2010 governmental fund balances due to changes in fund structure as a result of implementing the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditure Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditure Schedule is management's responsibility, and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The Federal Awards Receipts and Expenditure Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

January 31, 2012

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

This discussion and analysis of Woodridge Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2011 are as follows:

- General revenues accounted for \$21,964,854 in revenue or 86.21 percent of all revenues. Program specific revenues in the form of charges for services and operating grants, contributions and interest accounted for \$3,514,823 or 13.79 percent of total revenues of \$25,479,677.
- The School District had \$26,249,513 in expenses related to governmental activities; program revenues offset only \$3,514,823 of these expenses. \$21,964,854 of general revenues were not adequate to provide for these programs resulting in a decrease in net assets of \$769,836.
- Total expenses amounted to \$26.2 million, and expenses related to instruction amounted to \$15.3 million or 58.4 percent of this total.
- At the end of the fiscal year, fund balance for the general fund was \$6,626,832 and the total fund balance decreased by \$1,436,477.

### **Using this Annual Financial Report**

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

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

### **Reporting the School District as a Whole**

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

While these statements contain information about a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2011?" These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the School Districts' activities are considered to be all governmental activities:

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

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

#### *Fund Financial Statements*

The analysis of the School District's major funds begins on page 14. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant fund. The School District's only major governmental fund is the general fund.

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for 2011 and 2010.

		Table 1 Net Assets	
		Governmental Activities	
		2011	2010
<b>Assets</b>			
Current and other assets	\$	25,234,416	\$ 26,540,180
Capital assets, net of depreciation		15,862,867	16,413,717
Total assets		41,097,283	42,953,897
<b>Liabilities</b>			
Current and other liabilities		17,086,990	17,153,379
Long-term liabilities:			
Due within one year		1,379,455	1,349,761
Due in more than one year		10,895,146	11,945,229
Total liabilities		29,361,591	30,448,369
<b>Net Assets</b>			
Invested in capital assets, net of related debt		4,538,106	4,106,111
Restricted		777,746	948,914
Unrestricted		6,419,840	7,450,503
Total net assets	\$	11,735,692	\$ 12,505,528

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the School District's net assets decreased \$769,836 from June 30, 2010.

Capital assets reported on the government-wide statements represent a large portion of the School District's net assets for fiscal year 2011. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$777,746, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$681,446 is restricted for debt service payments, \$45 is restricted for capital projects, \$21,230 is restricted for other purposes and \$75,025 is restricted for set asides. The remaining balance of net assets of \$6,419,840 is unrestricted.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

Table 2 shows changes in net assets for fiscal year 2011 and 2010.

Table 2  
Change in Net Assets

	Governmental Activities	
	2011	2010
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,662,871	\$ 1,851,221
Operating grants, contributions and interest	1,851,952	2,066,669
Capital grants and contributions	-	79,053
General revenues:		
Property taxes	16,080,902	16,025,897
Grants and entitlements	5,681,747	5,615,417
Investment earnings	13,603	32,388
Miscellaneous	62,210	156,017
Payments in lieu of taxes	126,392	311,461
Capital contributions	-	1,368,859
Total revenues	25,479,677	27,506,982
<b>Program Expenses</b>		
Instruction:		
Regular	10,918,406	11,006,411
Special	3,605,156	3,328,106
Vocational	351,921	337,732
Other	461,896	471,803
Support services:		
Pupils	1,399,177	1,330,392
Instructional staff	537,544	619,935
Board of education	31,052	29,298
Administration	2,139,573	2,181,341
Fiscal	618,442	657,223
Business	49,268	44,872
Operation and maintenance of plant	1,909,359	2,012,767
Pupil transportation	1,754,338	1,666,254
Central	236,962	192,077
Operation of non-instructional services:		
Food service operations	804,443	755,104
Community services	18,398	19,606
Extracurricular activities	763,956	799,985
Interest and fiscal charges	649,622	725,723
Total expenses	26,249,513	26,178,629
Increase in net assets	\$ (769,836)	\$ 1,328,353

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

**Governmental Activities**

Several revenue sources fund our governmental activities with property taxes and State foundation revenues being the largest contributors. Property tax levies generated over \$16 million in 2011. General revenues from grants and entitlements, such as the school foundation program, generated over \$5.6 million. With the combination of taxes and intergovernmental funding comprising approximately 85.4 percent of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

Instruction and interest and fiscal charges comprise 58.4 percent and 2.5 percent, respectively, of governmental program expenses. Interest expense was attributable to outstanding bonds and various lease payments for equipment.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements for fiscal year 2011 and 2010.

Table 3  
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Program Expenses</b>				
Instruction:				
Regular	\$ 10,918,406	\$ 11,006,411	\$ (9,039,170)	\$ (9,110,040)
Special	3,605,156	3,328,106	(3,360,001)	(2,685,813)
Vocational	351,921	337,732	(351,921)	(337,732)
Other	461,896	471,803	(429,218)	(445,496)
Support services:				
Pupils	1,399,177	1,330,392	(1,219,103)	(1,188,776)
Instructional staff	537,544	619,935	(465,624)	(508,672)
Board of education	31,052	29,298	(31,052)	(29,298)
Administration	2,139,573	2,181,341	(2,031,261)	(2,079,590)
Fiscal	618,442	657,223	(618,442)	(657,223)
Business	49,268	44,872	(47,024)	(42,428)
Operation and maintenance of plant	1,909,359	2,012,767	(1,902,658)	(2,011,675)
Pupil transportation	1,754,338	1,666,254	(1,749,030)	(1,570,745)
Central	236,962	192,077	(236,962)	(192,077)
Operation of non-instructional services:				
Food service operations	804,443	755,104	(19,781)	4,818
Community services	18,398	19,606	(8,731)	366
Extracurricular activities	763,956	799,985	(575,090)	(601,582)
Interest and fiscal charges	649,622	725,723	(649,622)	(725,723)
Total expenses	<u>\$ 26,249,513</u>	<u>\$ 26,178,629</u>	<u>\$ (22,734,690)</u>	<u>\$ (22,181,686)</u>

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited

**The School District’s Funds**

The School District’s funds are accounted for using the modified accrual basis of accounting. The total revenues are \$25,474,435 and total expenditures are \$26,828,029. The total net change in fund balance across all governmental funds was a decrease of \$1,251,446. Net decrease in fund balance for the year was significant in the general fund, amounting to \$1,436,477. The decrease is largely attributable to an increase in expenditures from the prior year. Net increases across all other nonmajor governmental funds amounted to \$185,031. Table 4 below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

Table 4  
Fund Balances

	Fund Balance June 30, 2011	Restated Fund Balance June 30, 2010	Increase (Decrease)
General	\$ 6,626,832	\$ 8,063,309	\$ (1,436,477)
Other government	945,443	760,412	185,031
Total	<u>\$ 7,572,275</u>	<u>\$ 8,823,721</u>	<u>\$ (1,251,446)</u>

**General Fund Budgeting Highlights**

The School District’s budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During fiscal year 2011, the School District amended its general fund revenue budget as more accurate property tax, State foundation and grant information became available. The School District amended its general fund expenditures budget several times during the year but none were significant. All budget revisions are presented to the Board of Education for approval.

For the general fund, the original budgeted revenue estimate was \$20,916,495. This amount was changed during the year, resulting in a final revenue budget of \$20,610,788. Actual revenue reported was \$20,610,788; the change for the final budget and actual was \$305,707 less than the original budgeted amount.

The original expenditures estimate of \$23,156,810 was revised during the fiscal year. The final expenditures estimate of \$22,282,337 was \$874,473 lower than originally anticipated. In total this would be considered insignificant, with increases and decreases from the original and final budget posted to several line items of the budget. The actual expenditures however were \$22,282,337, equal to the final budgeted amount. This was the result of conservative spending by the district.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2011, the School District had \$15,862,867 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 5 shows fiscal year 2011 balances compared to fiscal year 2010.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

Table 5  
Capital Assets, at Fiscal Year End  
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$ 839,759	\$ 839,759
Land improvements	873,661	912,333
Buildings and improvements	12,743,182	13,162,173
Furniture, fixtures and equipment	729,649	788,909
Vehicles	<u>676,616</u>	<u>710,543</u>
Total capital assets	<u>\$ 15,862,867</u>	<u>\$ 16,413,717</u>

The total decrease in capital assets is due to current year depreciation exceeding current year acquisitions. See Note 9 to the basic financial statements for detail on the School District's capital assets.

**Debt**

At June 30, 2011 the School District had \$11,200,000 in bonds outstanding with \$1,095,000 due within one year. This balance reflected a decrease of \$1,025,000 from the previous year's balance of \$12,225,000. Table 6 summarizes the debt and capital leases outstanding:

Table 6  
Outstanding Debt and Capital Lease, at Fiscal Year End

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
	General obligation bonds	\$ 11,200,000
Capital leases	<u>124,761</u>	<u>82,606</u>
Total outstanding	<u>\$ 11,324,761</u>	<u>\$ 12,307,606</u>

See Notes 15 and 16 to the basic financial statements for the repayment schedules of the bonded debt and the capital leases.

Capital leases are to be repaid from the general and permanent improvements capital projects funds, and the bonds are to be repaid from the debt service fund. The School District has budgeted to meet all of the School District's debt requirements.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
Unaudited

**Current Issues Affecting Financial Condition**

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

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

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

**Contacting the School District's Financial Management**

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

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**Woodridge Local School District**  
**Statement of Net Assets**  
**June 30, 2011**

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 8,344,833
Inventory held for resale	16,813
Materials and supplies inventory	5,908
Receivables:	
Accounts	260,664
Intergovernmental	202,400
Taxes	16,375,281
Prepaid items	28,517
Capital assets:	
Land and construction in progress	839,759
Depreciable capital assets, net	15,023,108
Total capital assets	<u>15,862,867</u>
Total assets	<u>41,097,283</u>
<u>Liabilities:</u>	
Accounts payable	155,306
Accrued wages	1,686,169
Matured compensated absences payable	2,973
Intergovernmental payable	999,638
Accrued interest payable	58,369
Deferred revenue	14,184,535
Long-term liabilities:	
Due within one year	1,379,455
Due in more than one year	10,895,146
Total liabilities	<u>29,361,591</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	4,538,106
Restricted for:	
Capital projects	45
Debt service	681,446
Other purposes	21,230
Set asides	75,025
Unrestricted	<u>6,419,840</u>
Total net assets	<u>\$ 11,735,692</u>

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2011**

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Revenues and Changes in Net Assets
				Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 10,918,406	\$ 1,050,185	\$ 829,051	\$ (9,039,170)
Special	3,605,156	71,649	173,506	(3,360,001)
Vocational	351,921	-	-	(351,921)
Other	461,896	-	32,678	(429,218)
Support services:				
Pupils	1,399,177	33,358	146,716	(1,219,103)
Instructional staff	537,544	4,280	67,640	(465,624)
Board of education	31,052	-	-	(31,052)
Administration	2,139,573	-	108,312	(2,031,261)
Fiscal	618,442	-	-	(618,442)
Business	49,268	-	2,244	(47,024)
Operation and maintenance of plant	1,909,359	2,107	4,594	(1,902,658)
Pupil transportation	1,754,338	-	5,308	(1,749,030)
Central	236,962	-	-	(236,962)
Operation of non-instructional services:				
Food service operations	804,443	314,192	470,470	(19,781)
Community services	18,398	-	9,667	(8,731)
Extracurricular activities	763,956	187,100	1,766	(575,090)
Interest and fiscal charges	649,622	-	-	(649,622)
Total governmental activities	<u>\$ 26,249,513</u>	<u>\$ 1,662,871</u>	<u>\$ 1,851,952</u>	<u>(22,734,690)</u>

General Revenues:

Property taxes levied for:

General purposes	14,264,785
Debt service	1,433,097
Capital outlay	383,020
Grants and entitlements not restricted to specific programs	5,681,747
Payment in lieu of taxes	126,392
Investment earnings	13,603
Miscellaneous	62,210

Total general revenues 21,964,854

Change in net assets (769,836)

Net assets beginning of year 12,505,528

Net assets end of year \$ 11,735,692

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 7,308,293	\$ 961,515	\$ 8,269,808
Inventory held for resale	-	16,813	16,813
Materials and supplies inventory	-	5,908	5,908
Receivables:			
Accounts	260,554	110	260,664
Intergovernmental	-	202,400	202,400
Interfund	201,321	-	201,321
Taxes	14,522,748	1,852,533	16,375,281
Prepaid items	28,517	-	28,517
Equity in pooled cash and cash equivalents (restricted)	75,025	-	75,025
Total assets	<u>\$ 22,396,458</u>	<u>\$ 3,039,279</u>	<u>\$ 25,435,737</u>
<u>Liabilities and fund balances:</u>			
<u>Liabilities:</u>			
Accounts payable	107,522	47,784	155,306
Accrued wages	1,538,615	147,554	1,686,169
Matured compensated absences payable	-	2,973	2,973
Interfund payable	-	201,321	201,321
Intergovernmental payable	952,483	47,155	999,638
Deferred revenue	13,171,006	1,647,049	14,818,055
Total liabilities	<u>15,769,626</u>	<u>2,093,836</u>	<u>17,863,462</u>
<u>Fund balances:</u>			
Nonspendable	28,517	22,721	51,238
Restricted	75,025	721,510	796,535
Committed	-	278,316	278,316
Assigned	3,087,256	-	3,087,256
Unassigned	3,436,034	(77,104)	3,358,930
Total fund balances	<u>6,626,832</u>	<u>945,443</u>	<u>7,572,275</u>
Total liabilities and fund balances	<u>\$ 22,396,458</u>	<u>\$ 3,039,279</u>	<u>\$ 25,435,737</u>

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2011**

<b>Total governmental fund balances</b>		\$ 7,572,275
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,862,867
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 380,424	
Intergovernmental	8,451	
Tuition and fees	244,645	
Total	633,520	633,520
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (11,200,000)	
Compensated absences	(949,840)	
Capital leases	(102,878)	
Equipment purchase agreement	(21,883)	
Accrued interest payable	(58,369)	
Total	(12,332,970)	(12,332,970)
Net assets of governmental activities		\$ 11,735,692

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property taxes	\$ 14,272,329	\$ 1,816,599	\$ 16,088,928
Intergovernmental	5,274,246	2,223,088	7,497,334
Interest	13,509	168	13,677
Tuition and fees	1,108,407	-	1,108,407
Extracurricular activities	158,198	75,150	233,348
Gifts and donations	25,434	560	25,994
Customer services	-	314,192	314,192
Rent	2,107	-	2,107
Payments in lieu of taxes	126,392	-	126,392
Miscellaneous	63,707	349	64,056
Total revenues	<u>21,044,329</u>	<u>4,430,106</u>	<u>25,474,435</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	9,665,031	864,488	10,529,519
Special	3,418,328	157,519	3,575,847
Vocational	342,177	-	342,177
Other	430,189	31,258	461,447
Support services:			
Pupils	1,270,980	145,482	1,416,462
Instructional staff	409,995	78,557	488,552
Board of education	31,052	-	31,052
Administration	1,924,587	175,507	2,100,094
Fiscal	579,021	32,837	611,858
Business	-	48,598	48,598
Operation and maintenance of plant	1,783,434	112,325	1,895,759
Pupil transportation	1,592,434	45,036	1,637,470
Central	235,430	-	235,430
Operation of non-instructional services:			
Food service operations	-	766,443	766,443
Community services	1,307	17,091	18,398
Extracurricular activities	610,572	119,523	730,095
Capital outlay	103,855	101,494	205,349
Debt service:			
Principal retirement	30,146	1,046,882	1,077,028
Interest and fiscal charges	5,956	650,495	656,451
Total expenditures	<u>22,434,494</u>	<u>4,393,535</u>	<u>26,828,029</u>
Excess of revenues under expenditures	<u>(1,390,165)</u>	<u>36,571</u>	<u>(1,353,594)</u>
<u>Other financing sources (uses):</u>			
Proceeds from sale of capital assets	7,965	-	7,965
Inception of capital lease	94,183	-	94,183
Transfers in	-	148,460	148,460
Transfers out	(148,460)	-	(148,460)
Total other financing sources (uses)	<u>(46,312)</u>	<u>148,460</u>	<u>102,148</u>
Net change in fund balances	(1,436,477)	185,031	(1,251,446)
Fund balances at beginning of year, restated	8,063,309	760,412	8,823,721
Fund balances at end of year	<u>\$ 6,626,832</u>	<u>\$ 945,443</u>	<u>\$ 7,572,275</u>

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2011**

Net change in fund balances - total governmental funds \$ (1,251,446)

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

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

In the current period, these amounts are:

Capital asset additions	\$ 205,349	
Depreciation expense	(713,209)	
Excess of depreciation expense over capital outlay		(507,860)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (42,990)

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

Property taxes	\$ (8,026)	
Intergovernmental	8,451	
Tuition and fees	4,817	
Net change in deferred revenues during the year		5,242

Repayment of principal on bonds and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,077,028

Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statements of net assets, the lease obligation is reported as a liability. Inception of a capital lease (94,183)

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

Decrease in compensated absences	\$ 37,544	
Decrease in accrued interest	6,829	
Total additional expenditures		44,373

Change in net assets of governmental activities \$ (769,836)

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 14,312,175	\$ 14,117,876	\$ 14,117,876	\$ -
Intergovernmental	5,274,246	5,274,246	5,274,246	-
Interest	16,500	16,608	16,608	-
Tuition and fees	1,025,700	1,010,528	1,010,528	-
Rent	1,874	1,874	1,874	-
Gifts and donations	1,000	450	450	-
Miscellaneous	285,000	189,206	189,206	-
Total revenues	<u>20,916,495</u>	<u>20,610,788</u>	<u>20,610,788</u>	<u>-</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	10,095,620	9,561,674	9,561,674	-
Special	3,217,153	3,263,944	3,263,944	-
Vocational	331,885	342,556	342,556	-
Other	448,579	429,768	429,768	-
Support services:				
Pupils	1,180,101	1,240,440	1,240,440	-
Instructional staff	574,163	422,171	422,171	-
Board of education	33,806	31,021	31,021	-
Administration	2,072,222	2,028,759	2,028,759	-
Fiscal	667,771	594,303	594,303	-
Operation and maintenance of plant	2,188,702	2,003,457	2,003,457	-
Pupil transportation	1,615,434	1,621,883	1,621,883	-
Central	207,589	241,107	241,107	-
Extracurricular activities	523,785	501,254	501,254	-
Total expenditures	<u>23,156,810</u>	<u>22,282,337</u>	<u>22,282,337</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(2,240,315)</u>	<u>(1,671,549)</u>	<u>(1,671,549)</u>	<u>-</u>
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	2,000	-	-	-
Refund of prior year receipts	(2,000)	-	-	-
Advances in	239,941	239,942	239,942	-
Advances out	(200,000)	(201,321)	(201,321)	-
Transfers out	(100,000)	(184,710)	(184,710)	-
Total other financing sources (uses)	<u>(60,059)</u>	<u>(146,089)</u>	<u>(146,089)</u>	<u>-</u>
Net change in fund balance	(2,300,374)	(1,817,638)	(1,817,638)	-
Fund balance at beginning of year	8,387,277	8,387,277	8,387,277	-
Prior year encumbrances appropriated	313,754	313,754	313,754	-
Fund balance at end of year	<u>\$ 6,400,657</u>	<u>\$ 6,883,393</u>	<u>\$ 6,883,393</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 45,484
Cash and cash equivalents in segregated accounts	<u>17,755</u>
Total assets	<u><u>63,239</u></u>
<u>Liabilities:</u>	
Accounts payable	\$ 3,645
Undistributed monies	17,755
Due to students	<u>41,839</u>
Total liabilities	<u><u>\$ 63,239</u></u>

See accompanying notes to the basic financial statements.

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

### **NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Woodridge Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's five instructional/support facilities staffed by 128 non-certificated employees and 165 certificated teaching and support personnel, including 11 administrators that provide services to 2,019 students and other community members.

#### Reporting Entity

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

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

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2011.

The School District is associated with the Northeast Ohio Network for Educational Technology, the Six District Educational Compact, and the Ohio Schools' Council Association, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 17.

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

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

### A. Basis of Presentation - Fund Accounting

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

#### Government-wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

#### Fund Financial Statements

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

### B. Fund Accounting

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

#### Governmental Fund Types:

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The School District has one major governmental fund:

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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

### Fiduciary Fund Types

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds are agency funds which report resources that belong to the student bodies of the various schools and employee's deposits held for health insurance.

### C. Measurement Focus and Basis of Accounting

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

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

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting and the agency fund uses the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

### Revenue - Exchange and Non-exchange Transactions

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

### Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

### Expenditures/Expenses

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

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

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

### **D. Budgets and Budgetary Accounting**

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2011. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

### **E. Cash and Investments**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements and interest in Star Ohio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. These investments are stated at cost, which approximates market value (fair value). Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds; required by a grant agreement; or when approved by the Board of Education to be recorded in another fund. The Board of Education has passed a resolution to allow interest to also be recorded in other funds.

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

### **F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

G. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

H. Inventory

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

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

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, and laws of other governments or by enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. Restricted assets may also include amounts set aside as a reserve for budget stabilization, which is now optional as determined by the School District. The School District did not spend all restricted assets in accordance with specific restrictions during the fiscal year. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

J. Capital Assets

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

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

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

Description	Estimated Lives
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture, fixtures and equipment	3 - 20 years
Vehicles	10 - 20 years

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

**K. Compensated Absences**

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

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

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

**L. Accrued Liabilities and Long-term Obligations**

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

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

**M. Fund Balance**

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

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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

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

Assigned fund balance classifications are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

### N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested 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. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

O. Interfund Transactions

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

P. 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 – CHANGE IN ACCOUNTING PRINCIPLES**

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For the fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	<u>General</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Fund balance at June 30, 2010	\$ 8,002,594	\$ 821,127	\$ 8,823,721
Change in fund structure	<u>60,715</u>	<u>(60,715)</u>	<u>-</u>
Restated fund balance at July 1, 2010	<u>\$ 8,063,309</u>	<u>\$ 760,412</u>	<u>\$ 8,823,721</u>

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

**NOTE 4 – FUND BALANCES**

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

Fund Balances	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>			
Materials and supplies inventory	\$ -	\$ 22,721	\$ 22,721
Prepaid items	<u>28,517</u>	<u>-</u>	<u>28,517</u>
Total nonspendable	<u>28,517</u>	<u>22,721</u>	<u>51,238</u>
<u>Restricted</u>			
Special trust	-	1,876	1,876
Auxiliary services	-	310	310
Professional development	-	3,523	3,523
Management information systems	-	951	951
Data communication	-	6,323	6,323
Preschool and reading	-	3,726	3,726
Instructional	-	5,468	5,468
Drug awareness education	-	18	18
Capital improvements	-	45	45
Debt service	-	699,270	699,270
Set-asides for textbooks	<u>75,025</u>	<u>-</u>	<u>75,025</u>
Total restricted	<u>75,025</u>	<u>721,510</u>	<u>796,535</u>
<u>Committed</u>			
Capital improvements	-	223,403	223,403
Debt service	<u>-</u>	<u>54,913</u>	<u>54,913</u>
	<u>-</u>	<u>278,316</u>	<u>278,316</u>
<u>Assigned</u>			
Public school support	23,766	-	23,766
Rotary	17,393	-	17,393
Encumbrances	271,952	-	271,952
Next fiscal year budget	<u>2,774,145</u>	<u>-</u>	<u>2,774,145</u>
Total assigned	<u>3,087,256</u>	<u>-</u>	<u>3,087,256</u>
Unassigned (deficit)	<u>3,436,034</u>	<u>(77,104)</u>	<u>3,358,930</u>
Total fund balances	<u>\$ 6,626,832</u>	<u>\$ 945,443</u>	<u>\$ 7,572,275</u>

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presentation for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).
5. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

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

Net Change in Fund Balance	
	<u>General</u>
GAAP basis	\$ (1,436,477)
Revenue accruals	(253,049)
Advances in	239,942
Expenditure accruals	265,062
Advances out	(201,321)
Budgeted as part of special revenue funds:	
Revenues	(282,640)
Transfers from general fund	(36,250)
Expenditures	293,528
Encumbrances (Budget Basis) outstanding at year end	<u>(406,433)</u>
Budget basis	<u>\$ (1,817,638)</u>

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim moneys may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of settlement;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

A. Deposits

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

As of June 30, the carrying amount of the School District's deposits was \$928,072. The School District's bank balance of \$945,237 was not exposed to custodial credit risk.

B. Investments

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Maturity</u>	<u>Rating</u>
Repurchase agreements	\$ 7,275,000	97%	Daily	AAA <sup>(1)</sup>
STAROhio	<u>205,000</u>	3%	58.3 <sup>(3)</sup>	AAAm <sup>(2)</sup>
	<u>\$ 7,480,000</u>			

<sup>(1)</sup> Standard and Poor's rating of underlying investment

<sup>(2)</sup> Standard and Poor's rating

<sup>(3)</sup> Days (Average)

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$13,509, which includes \$956 assigned from other School District funds.

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$7,275,000 investment in a repurchase agreement is to be secured by the specific securities upon which the repurchase agreements are based. The securities, held by the counterparty and not in the School District's name, are two Federal National Mortgage Association (FNMA) bonds. These securities, held by the counterparty must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

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

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAROhio an AAAM rating and the FNMA bond an AAA rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District's investment in a single issuer. More than 10 percent of the School District's investments are in FNMA bonds, which are the underlying investment of the repurchase agreement. The School District places no limit on the amount that may be invested in any one issuer. These investments were equal to 97% of all investments held by the School District at June 30, 2011.

### **NOTE 7 - PROPERTY TAX**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2010 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Calendar year 2010 is the last year for the collection of tangible personal property taxes from telephone companies. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes, which became measurable as of year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end is intended to finance current year operations and therefore a reservation of fund balance is not reported. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at year-end was \$1,604,838 in the general fund, \$162,147 in the bond retirement debt service fund and \$43,337 in the permanent improvement capital projects fund and is recognized as revenue on the fund financial statements.

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

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

<u>Property Category</u>	<u>2010 Assessed Value</u>	<u>2009 Assessed Value</u>
<u>Real Property</u>		
Residential and agricultural	\$ 359,939,610	\$ 359,090,900
Commercial, industrial and minerals	119,049,220	118,133,900
<u>Tangible Personal Property</u>		
General	-	557,135
Public utilities	5,498,110	5,308,710
Total	<u>\$ 484,486,940</u>	<u>\$ 483,090,645</u>

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

**NOTE 8 - RECEIVABLES**

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. The general fund accounts receivable at year-end consisted of tuition, excess costs and other miscellaneous reimbursements of \$260,554. Also, several special revenue funds recorded intergovernmental receivables for state and federal grants and reimbursements totaling \$202,400.

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>
Capital assets, not being depreciated:				
Land	\$ 839,759	\$ -	\$ -	\$ 839,759
Total capital assets, not being depreciated	<u>839,759</u>	<u>-</u>	<u>-</u>	<u>839,759</u>
Capital assets, being depreciated:				
Land improvements	2,275,185	-	-	2,275,185
Buildings and improvements	21,420,643	-	-	21,420,643
Furniture, fixtures and equipment	2,851,260	127,603	(128,767)	2,850,096
Vehicles	<u>1,874,755</u>	<u>77,746</u>	<u>(50,890)</u>	<u>1,901,611</u>
Total capital assets, being depreciated	<u>28,421,843</u>	<u>205,349</u>	<u>(179,657)</u>	<u>28,447,535</u>
Less: Accumulated depreciation				
Land improvements	(1,362,852)	(38,672)	-	(1,401,524)
Buildings and improvements	(8,258,470)	(418,991)	-	(8,677,461)
Furniture, fixtures and equipment	(2,062,351)	(143,873)	85,777	(2,120,447)
Vehicles	<u>(1,164,212)</u>	<u>(111,673)</u>	<u>50,890</u>	<u>(1,224,995)</u>
Total accumulated depreciation	<u>(12,847,885)</u>	<u>(713,209)</u>	<u>136,667</u>	<u>(13,424,427)</u>
Total capital assets being depreciated, net	<u>15,573,958</u>	<u>(507,860)</u>	<u>(42,990)</u>	<u>15,023,108</u>
Governmental activities capital assets, net	<u>\$ 16,413,717</u>	<u>\$ (507,860)</u>	<u>\$ (42,990)</u>	<u>\$ 15,862,867</u>

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 394,173
Special	17,408
Vocational	7,343
Support services:	
Pupils	1,277
Instructional staff	47,493
Administration	38,942
Business	670
Operation and maintenance of plant	13,493
Pupil transportation	114,650
Food service operations	37,929
Extracurricular activities	39,831
Total Depreciation	<u>\$ 713,209</u>

**NOTE 10 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances at June 30, 2011 consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	\$ 201,321

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2011, all interfund loans outstanding are anticipated to be repaid in fiscal year 2012.

Interfund transfers for the year ended June 30, 2011, consisted of the following:

Transfers from general fund to:	
Nonmajor governmental funds	\$ 148,460

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

**NOTE 11 - ACCOUNTABILITY**

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As of June 30, 2011, three special revenue funds have deficit fund balances. These deficits were caused by the application of GAAP. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had a deficit balance:

<u>Fund</u>	<u>Amount</u>
Food service	\$ 76,094
Athletic and music	543
Title I	467

**NOTE 12 - RISK MANAGEMENT**

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

The School District provides life insurance and accidental death and dismemberment insurance to its employees. The School District has contracted with the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) to provide medical/surgical and dental insurance for its employees and their covered dependents. The OME-RESA is a shared risk pool comprised of multiple entities. The School District pays monthly contributions that are placed in a fund from which eligible claims are paid for employees and their covered dependents. Claims are paid for all participants regardless of claims flow. The School District has a specific stop loss policy of \$500,000 and an internal pool that covers individual claims between \$35,000 and \$499,000. The OME-RESA Board of Directors has authority to return monies to an exiting entity subsequent to the settlement of all claims and expenses.

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

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A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the system. For fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension and death benefits. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$457,042, \$539,542 and \$327,567 respectively; 55 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

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

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

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2011, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$1,528,309, \$1,475,625 and \$1,440,072 respectively; 74.3 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$24,045 made by the School District and \$17,174 made by the plan members.

### C. Social Security System

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

## **NOTE 14 - POST-EMPLOYMENT BENEFITS**

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### A. School Employee Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105 (e). For 2011, 1.43 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 2011, this amount was \$35,800.

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009, were \$124,933, \$72,466 and \$195,302 respectively; 74.2 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010 and 2009 were \$29,412, \$32,085 and \$27,027 respectively; 54.6 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

### **B. State Teachers Retirement System**

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

**Funding Policy** – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were 117,562, \$113,510 and \$110,775 respectively; 74.3 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2011

**NOTE 15 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS**

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

<u>General Long-term Obligations</u>	Balance <u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30</u>	Due within <u>one year</u>
<u>General Obligation Bonds</u>					
1994 School Improvement	\$ 5,295,000	\$ -	\$ (940,000)	\$ 4,355,000	\$ 1,000,000
2001 School Improvement Refunding					
Serial bonds	6,645,000	-	(45,000)	6,600,000	50,000
Stadium Improvement	<u>285,000</u>	<u>-</u>	<u>(40,000)</u>	<u>245,000</u>	<u>45,000</u>
Subtotal bonds	<u>12,225,000</u>	<u>-</u>	<u>(1,025,000)</u>	<u>11,200,000</u>	<u>1,095,000</u>
<u>Other Obligations</u>					
Compensated absences	987,384	311,076	(348,620)	949,840	238,493
Capital leases:					
Telephone equipment	43,765	-	(21,882)	21,883	21,883
Copy machines	<u>38,841</u>	<u>94,183</u>	<u>(30,146)</u>	<u>102,878</u>	<u>24,079</u>
Subtotal capital leases	<u>82,606</u>	<u>94,183</u>	<u>(52,028)</u>	<u>124,761</u>	<u>45,962</u>
Subtotal other obligations	<u>1,069,990</u>	<u>405,259</u>	<u>(400,648)</u>	<u>1,074,601</u>	<u>284,455</u>
Total general long-term obligations	<u>\$ 13,294,990</u>	<u>\$ 405,259</u>	<u>\$ (1,425,648)</u>	<u>\$ 12,274,601</u>	<u>\$ 1,379,455</u>

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

On September 17, 2001, the District issued \$8.2 million in general obligation bonds with an average interest rate of 3.9 percent to advance refund \$8.21 million of outstanding School Improvement Bonds with an average interest rate of 5.9 percent. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the portion of the bonds refunded. As a result, the bonds (portion refunded) are considered to be defeased and the liability is not reported by the School District. These newer bonds include serial and capital appreciation bonds.

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

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

Principal and interest requirements to amortize all bonds outstanding at June 30, 2011 are as follows:

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

1994 School Improvement				
Fiscal Year	Interest Rate	Principal	Interest	Total
2012	6.80%	\$ 1,000,000	\$ 262,140	\$ 1,262,140
2013	6.80%	1,070,000	191,760	1,261,760
2014	6.80%	1,100,000	117,980	1,217,980
2015	6.80%	1,185,000	40,290	1,225,290
Total		<u>\$ 4,355,000</u>	<u>\$ 612,170</u>	<u>\$ 4,967,170</u>

2001 School Improvement Refunding				
Fiscal Year	Interest Rate	Principal	Interest	Total
2012	4.05%	\$ 50,000	\$ 303,945	\$ 353,945
2013	4.15%	50,000	301,845	351,845
2014	4.25%	50,000	299,682	349,682
2015	4.50%	55,000	297,345	352,345
2016	4.60%	1,170,000	269,783	1,439,783
2017-2020	4.65-4.80%	5,225,000	488,286	5,713,286
Total		<u>\$ 6,600,000</u>	<u>\$ 1,960,886</u>	<u>\$ 8,560,886</u>

Stadium Improvement Bonds, Series 2005				
Fiscal Year	Interest Rate	Principal	Interest	Total
2012	5.79%	\$ 45,000	\$ 14,185	\$ 59,185
2013	5.79%	45,000	11,580	56,580
2014	5.79%	50,000	8,975	58,975
2015	5.79%	50,000	6,079	56,079
2016	5.79%	55,000	3,185	58,185
Total		<u>\$ 245,000</u>	<u>\$ 44,004</u>	<u>\$ 289,004</u>

**NOTE 16 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

During fiscal year 2011, the School District entered into capital lease agreements for the acquisition of copiers. The terms of each agreement provide options to purchase the equipment. These leases meet the criteria of capital leases as defined by the Financial Accounting Standards Board's Accounting Standards Codification 840 which defines a capital lease generally as one which transfers all benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

During fiscal year 2009, the School District entered into a capital lease agreement for the purchase of a new phone system valued at \$87,529. The phone system will be paid for in equal installments of \$21,882 ending July 1, 2011.

Capital assets acquired by lease have been capitalized as equipment in the amount of \$129,195 equal to the present value of the future minimum lease payments at the time of acquisition. Principal payments in the current fiscal year totaled \$30,146, which includes \$14,918 to payoff the old copier lease agreements.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments at year-end.

Fiscal <u>Year</u>	Lease <u>Payments</u>
2012	\$ 51,669
2013	29,783
2014	25,725
2015	21,671
2016	<u>9,128</u>
Total minimum lease payments	137,976
Less: amount representing interest	<u>(13,215)</u>
Total	<u><u>\$ 124,761</u></u>

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

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The Northeast Ohio Network for Educational Technology (NEOnet) is the Computer Service Organization or Information Technology Center (ITC) used by the School District. NEOnet is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Metropolitan Regional Service Council acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All Districts in the consortium are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating districts governs NEONET. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEONET are made from the general fund. During fiscal year 2011, the School District contributed \$96,032 to NEONET.

The Ohio Schools' Council Association (Council) is a jointly governed organization among 127 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2011 the School District paid program fees in the amount of \$886. Financial information can be obtained by contacting David Cottrell, the Executive Director/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The Six District Educational Compact is a jointly governed organization consisting of six participating school districts, to provide for the vocational and special education needs of their students. The six-member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the six school districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district, which offers the class. The Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. All revenues are generated from charges for services. During fiscal year 2011, the School District contributed a nominal amount to the Six District Educational Compact. All financial inquiries should be addressed to the Treasurer of the Hudson City School District, 2386 Hudson-Aurora Road, Hudson, Ohio 44236.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

**NOTE 18 - CONTINGENCIES**

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

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

**NOTE 19 - STATUTORY RESERVES**

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The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. However, the amount restricted for textbooks and instructional materials will be eliminated following the close of the fiscal year as explained below.

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to \$75,025 for the textbook set-aside. Effective July 1, 2011, the textbook set aside is no longer required as the obligation was repealed by the 129th General Assembly in Amended Substitute House Bill 30. This balance is therefore not presented as being carried forward to a future fiscal year. Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, this amount may not be used to reduce the set aside requirement for future years. This negative balance is, therefore, not presented as being carried forward to future years.

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

During the fiscal year ended June 30, 2011, the reserve activity was as follows:

	Textbook <u>Reserve</u>	Capital Maintenance <u>Reserve</u>	<u>Total</u>
Set-aside cash balance as of June 30, 2010	\$ 54,230	\$ -	\$ 54,230
Current year set-aside requirement	277,033	277,033	554,066
Qualifying disbursements	<u>(256,238)</u>	<u>(319,323)</u>	<u>(575,561)</u>
Total	<u>\$ 75,025</u>	<u>\$ (42,290)</u>	<u>\$ 32,735</u>
Balance carried forward to future years	<u>\$ -</u>		<u>\$ -</u>

**WOODRIDGE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i>	Federal CFDA Number	Pass-through Grant Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
Program Title						
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	10.555	n/a	\$ -	\$ 41,837	\$ -	\$ 41,837
Cash Assistance:						
School Breakfast Program	10.553	100828-3L70-2011	101,207	-	101,207	-
National School Lunch Program	10.555	100828-3L60-2011	288,687	-	288,687	-
Cash Assistance Total			<u>389,894</u>	<u>-</u>	<u>389,894</u>	<u>-</u>
Total Nutrition Cluster			<u>389,894</u>	<u>41,837</u>	<u>389,894</u>	<u>41,837</u>
<b>Total U.S. Department of Agriculture</b>			<u>389,894</u>	<u>41,837</u>	<u>389,894</u>	<u>41,837</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education</i>						
Title I Grants to Local Education Agencies	84.010	100828-3M00-2010	98,844	-	61,260	-
ARRA - Title I Grants to Local Education Agencies	84.389	100828-3DK0-2010	31,302	-	189	-
Title I Grants to Local Education Agencies	84.010	100828-3M00-2011	336,996	-	325,989	-
ARRA - Title I Grants to Local Education Agencies	84.389	100828-3DK0-2010	73,192	-	66,446	-
Total Title I			<u>540,334</u>	<u>-</u>	<u>453,884</u>	<u>-</u>
Special Education Cluster:						
Special Education Grants to States, IDEA B	84.027	100828-3M20-2010	62,102	-	41,864	-
ARRA - Special Education Grants to States, IDEA B	84.391	100828-3DJ0-2010	2,369	-	1,641	-
Special Education Grants to States, IDEA B	84.027	100828-3M20-2011	316,431	-	319,262	-
ARRA - Special Education Grants to States, IDEA B	84.391	100828-3DJ0-2011	60,860	-	67,444	-
Total Special Education Cluster			<u>441,762</u>	<u>-</u>	<u>430,211</u>	<u>-</u>
Improving Teacher Quality State Grants, Title II-A	84.367	100828-3Y60-2010	7,416	-	15,265	-
Improving Teacher Quality State Grants, Title II-A	84.367	100828-3Y60-2011	88,770	-	88,630	-
Total Title II-A			<u>96,186</u>	<u>-</u>	<u>103,895</u>	<u>-</u>
English Language Acquisition Grants, Title III	84.365	100828-3Y70-2009	-	-	16	-
English Language Acquisition Grants, Title III	84.365	100828-3Y70-2011	6,392	-	4,186	-
Total Title III			<u>6,392</u>	<u>-</u>	<u>4,202</u>	<u>-</u>
Safe and Drug Free Schools and Communities State Grants, Title IV-A	84.186	100828-3D10-2011	2,358	-	2,833	-
Educational Technology State Grants, Title II-D	84.318	100828-3S20-2011	1,386	-	1,386	-
ARRA - State Fiscal Stabilization Fund - Education State Grants	84.394	100828-GRF-2011	89,195	-	85,318	-
Education Jobs Fund	84.410	100828-3ET0-2011	35,851	-	41,334	-
<b>Total U.S. Department of Education</b>			<u>1,213,464</u>	<u>-</u>	<u>1,123,063</u>	<u>-</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,603,358</u>	<u>\$ 41,837</u>	<u>\$ 1,512,957</u>	<u>\$ 41,837</u>

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

**WOODRIDGE LOCAL SCHOOL DISTRICT  
NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the District's federal award programs' receipts and expenditures. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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

**NOTE D – TRANSFERS BETWEEN PROGRAM YEARS**

The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30<sup>th</sup> and spent by September 30<sup>th</sup>). However, with Ohio Department of Education's ("ODE") approval, a district can transfer unspent Federal assistance to the succeeding year, thus allowing the district to have a total of 27 months to spend the assistance. During fiscal year 2011, the ODE authorized the following transfers:

<b>CFDA Number</b>	<b>Program Title</b>	<b>Grant Year</b>	<b>Transfer Out</b>	<b>Transfer In</b>
84.010	Title I Grants to Local Education Agencies	2011	\$15,652	
84.010	Title I Grants to Local Education Agencies	2012		\$15,652
84.367	Improving Teacher Quality State Grants, Title II-A	2011	\$37,861	
84.367	Improving Teacher Quality State Grants, Title II-A	2012		\$37,861
84.027	Special Education Grants to States, IDEA-B	2011	\$46,917	
84.027	Special Education Grants to States, IDEA-B	2012		\$46,917



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Woodridge Local School District, Summit County, Ohio (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 31, 2012 wherein we noted the District restated governmental fund balances due to implementing GASB Statement 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

A *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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

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

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

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

January 31, 2012



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of Woodridge Local School District, Summit County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Woodridge Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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



**Dave Yost**  
Auditor of State

January 31, 2012

**WOODRIDGE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster: School Breakfast Program – CFDA #10.553 National School Lunch Program – CFDA #10.555
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None

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

None

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# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or 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 school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Woodridge Local School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on April 19, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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 and is not intended to be and should not be used by anyone other than these specified parties.

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

**Dave Yost**  
Auditor of State

January 31, 2012

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# Dave Yost • Auditor of State

WOODRIDGE LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
FEBRUARY 16, 2012