



Dave Yost • Auditor of State

**WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Federal Award Receipts and Expenditures Schedule (Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule 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 Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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
Columbus, Ohio

February 28, 2014

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WOODRIDGE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

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, 2013. 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 2013 are as follows:

- General revenues accounted for \$21,373,771 in revenue or 86 percent of all revenues. Program specific revenues in the form of charges for services; operating grants, contributions and interest; and capital grants and contributions accounted for \$3,487,147 or 14 percent of total revenues of \$24,860,918.
- The School District had \$25,575,161 in expenses related to governmental activities; program revenues offset only \$3,487,147 of these expenses. \$21,373,771 of general revenues was not adequate to provide for these programs resulting in a decrease in net position of \$714,243.
- Total expenses amounted to \$25,575,161, and expenses related to instruction amounted to \$15,346,748 or 60 percent of this total.
- At the end of the fiscal year, fund balance for the general fund was \$4,463,111 and the total fund balance decreased by \$1,368,207.
- On November 6, 2012, our electorate approved an emergency levy of 6.83 mills to be used for current expenses. The levy is for a five year period of time and is effective for the 2012 tax year with collections beginning in 2013. An estimated \$3,000,000 will be collected in 2014 from this new levy.

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 position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements present how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant fund 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, 2013

Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While these statements contain information about a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2013?" These statements include all non-fiduciary assets, liabilities and deferred inflows of resources 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 position and changes in this position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's current property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the School District's activities are considered to be all governmental activities:

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 16. 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 position 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, 2013

Unaudited

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for 2013 and 2012.

	Table 1 Net Position	
	Governmental Activities	
	2013	Restated 2012
Assets		
Current and other assets	\$ 26,568,938	\$ 24,895,426
Capital assets, net of depreciation	<u>15,070,740</u>	<u>15,324,650</u>
Total assets	<u>41,639,678</u>	<u>40,220,076</u>
Liabilities		
Current and other liabilities	3,168,187	3,205,727
Long-term liabilities:		
Due within one year	1,473,792	1,497,466
Due in more than one year	<u>8,599,604</u>	<u>9,839,523</u>
Total liabilities	<u>13,241,583</u>	<u>14,542,716</u>
Deferred inflows of resources		
Property taxes	<u>17,663,534</u>	<u>14,228,556</u>
Net Position		
Net investment in capital assets	5,966,541	4,868,239
Restricted	648,798	857,073
Unrestricted	<u>4,119,222</u>	<u>5,723,492</u>
Total net position	<u>\$ 10,734,561</u>	<u>\$ 11,448,804</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the School District's net position decreased \$714,243 from June 30, 2012.

Net investment in capital assets reported on the government-wide statements represent a large portion of the School District's net position for fiscal year 2013. Capital assets, which include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$648,798, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net position, \$621,106 is restricted for debt service payments, \$45 is restricted for capital projects, and \$27,647 is restricted for other purposes. The remaining balance of net position of \$4,119,222 is unrestricted.

WOODRIDGE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

Table 2 shows changes in net position for fiscal year 2013 and 2012.

Table 2
Change in Net Position

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,730,008	\$ 1,730,677
Operating grants, contributions and interest	1,607,139	1,588,935
Capital grants and contributions	150,000	-
General revenues:		
Property taxes	15,889,659	15,551,792
Grants and entitlements	5,244,318	5,404,519
Investment earnings	6,563	9,360
Miscellaneous	50,290	27,092
Payments in lieu of taxes	182,941	227,445
Total revenues	<u>24,860,918</u>	<u>24,539,820</u>
Program Expenses		
Instruction:		
Regular	11,343,933	10,558,712
Special	3,604,145	3,539,613
Vocational	342,459	387,469
Other	56,211	538,305
Support services:		
Pupils	1,319,014	1,374,412
Instructional staff	405,010	483,210
Board of education	28,899	29,295
Administration	2,042,217	2,037,363
Fiscal	696,836	649,176
Business	7,080	16,256
Operation and maintenance of plant	1,876,583	1,711,807
Pupil transportation	1,833,357	1,797,867
Central	252,017	256,504
Operation of non-instructional services:		
Food service operations	816,600	798,228
Community services	1,202	21,038
Extracurricular activities	666,776	663,772
Interest and fiscal charges	282,822	578,475
Total expenses	<u>25,575,161</u>	<u>25,441,502</u>
Decrease in net position	<u>\$ (714,243)</u>	<u>\$ (901,682)</u>

WOODRIDGE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

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 \$15.8 million in 2013, which is an increase of \$337,867 or 2.2 percent over last year. General revenues from grants and entitlements, such as the school foundation program, generated over \$5.2 million. With the combination of taxes and intergovernmental funding comprising approximately 85 percent of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

Instruction and interest and fiscal charges comprise 60 percent and 1.1 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 2013 and 2012.

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Program Expenses				
Instruction:				
Regular	\$ 11,343,933	\$ 10,558,712	\$ (9,407,044)	\$ (8,723,439)
Special	3,604,145	3,539,613	(3,268,596)	(3,318,281)
Vocational	342,459	387,469	(342,459)	(387,469)
Other	56,211	538,305	(55,433)	(536,031)
Support services:				
Pupils	1,319,014	1,374,412	(1,267,284)	(1,241,949)
Instructional staff	405,010	483,210	(332,560)	(437,334)
Board of education	28,899	29,295	(28,899)	(29,295)
Administration	2,042,217	2,037,363	(1,940,121)	(1,940,470)
Fiscal	696,836	649,176	(696,836)	(649,176)
Business	7,080	16,256	11,591	(16,256)
Operation and maintenance of plant	1,876,583	1,711,807	(1,874,093)	(1,706,526)
Pupil transportation	1,833,357	1,797,867	(1,830,451)	(1,797,867)
Central	252,017	256,504	(252,017)	(256,504)
Operation of non-instructional services:				
Food service operations	816,600	798,228	(33,918)	(8,315)
Community services	1,202	21,038	1,767	(5,606)
Extracurricular activities	666,776	663,772	(488,839)	(488,897)
Interest and fiscal charges	282,822	578,475	(282,822)	(578,475)
Total expenses	<u>\$ 25,575,161</u>	<u>\$ 25,441,502</u>	<u>\$ (22,088,014)</u>	<u>\$ (22,121,890)</u>

WOODRIDGE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
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 \$25,047,022 and total expenditures are \$26,654,693. The total net change in fund balance across all governmental funds was a decrease of \$1,559,145. Net decrease in fund balance for the year was significant in the general fund, amounting to \$1,368,207. The decrease is largely attributable to an increase in expenditures from the prior year and expenditures exceeding revenues in the current year. Net decreases across all other nonmajor governmental funds amounted to \$190,938. Table 4 below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

Table 4
Fund Balances

	Fund Balance June 30, 2013	Fund Balance June 30, 2012	Increase (Decrease)
General	\$ 4,463,111	\$ 5,831,318	\$ (1,368,207)
Other governmental	678,896	869,834	(190,938)
Total	<u>\$ 5,142,007</u>	<u>\$ 6,701,152</u>	<u>\$ (1,559,145)</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 2013, 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 \$19,419,736. This amount was changed during the year, resulting in a final revenue budget of \$21,563,974. The estimate was changed to reflect the passage of a new emergency levy in November 2012. Actual revenue reported was \$21,563,974; the change for the final budget and actual was \$2,144,238 more than the original budgeted amount.

The original expenditures estimate of \$22,787,494 was revised during the fiscal year. The final expenditures estimate of \$22,380,875 was \$406,619 less 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 \$22,380,875, 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 2013, the School District had \$15,070,740 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 5 shows fiscal year 2013 balances compared to fiscal year 2012.

WOODRIDGE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

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

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 839,759	\$ 839,759
Construction in progress	17,500	
Land improvements	796,317	834,989
Buildings and improvements	12,122,448	12,342,902
Furniture, fixtures and equipment	643,148	635,483
Vehicles	<u>651,568</u>	<u>671,517</u>
Total capital assets	<u>\$ 15,070,740</u>	<u>\$ 15,324,650</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, 2013 the School District had \$9,104,199 in bonds (including unamortized bond premium), an equipment purchase agreement and capital leases outstanding with \$1,265,015 due within one year. This balance reflected a decrease of \$1,352,212 from the previous year's balance of \$10,456,411. Table 6 summarizes the debt and capital leases outstanding:

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

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
	General obligation bonds	\$ 9,017,952
Equipment purchase agreement	33,186	-
Capital leases	<u>53,061</u>	<u>78,799</u>
Total outstanding	<u>\$ 9,104,199</u>	<u>\$ 10,456,411</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, the equipment purchase agreement will be paid from the permanent improvements capital project fund 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, 2013
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 Position
June 30, 2013

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 6,399,000
Cash and cash equivalents:	
In segregated accounts	1,094,101
Inventory held for resale	8,394
Materials and supplies inventory	6,198
Receivables:	
Accounts	89,058
Intergovernmental	368,127
Taxes	18,592,865
Prepaid items	11,195
Capital assets:	
Land	839,759
Depreciable capital assets, net	14,230,981
Total capital assets	<u>15,070,740</u>
Total assets	<u>41,639,678</u>
<u>Liabilities:</u>	
Accounts payable	239,016
Accrued wages	1,627,178
Matured compensated absences payable	232
Unearned revenue	534
Intergovernmental payable	964,881
Accrued interest payable	29,938
Claims payable	306,408
Long-term liabilities:	
Due within one year	1,473,792
Due in more than one year	8,599,604
Total liabilities	<u>13,241,583</u>
<u>Deferred inflows of resources:</u>	
Property taxes	<u>17,663,534</u>
<u>Net position:</u>	
Net investment in capital assets	5,966,541
Restricted for:	
Capital projects	45
Debt service	621,106
Other purposes	27,647
Unrestricted	<u>4,119,222</u>
Total net position	<u>\$ 10,734,561</u>

See accompanying notes to the basic financial statements.

Woodridge Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenues and Changes in Net Position
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$ 11,343,933	\$ 1,087,813	\$ 699,076	\$ 150,000	\$ (9,407,044)
Special	3,604,145	157,089	178,460	-	(3,268,596)
Vocational	342,459	-	-	-	(342,459)
Other	56,211	-	778	-	(55,433)
Support services:					
Pupils	1,319,014	36,764	14,966	-	(1,267,284)
Instructional staff	405,010	8,474	63,976	-	(332,560)
Board of education	28,899	-	-	-	(28,899)
Administration	2,042,217	-	102,096	-	(1,940,121)
Fiscal	696,836	-	-	-	(696,836)
Business	7,080	-	18,671	-	11,591
Operation and maintenance of plant	1,876,583	2,490	-	-	(1,874,093)
Pupil transportation	1,833,357	-	2,906	-	(1,830,451)
Central	252,017	-	-	-	(252,017)
Operation of non-instructional services:					
Food service operations	816,600	259,021	523,661	-	(33,918)
Community services	1,202	438	2,531	-	1,767
Extracurricular activities	666,776	177,919	18	-	(488,839)
Interest and fiscal charges	282,822	-	-	-	(282,822)
Total governmental activities	<u>\$ 25,575,161</u>	<u>\$ 1,730,008</u>	<u>\$ 1,607,139</u>	<u>\$ 150,000</u>	<u>(22,088,014)</u>

General Revenues:

Property taxes levied for:

General purposes	14,357,371
Debt service	1,215,722
Capital outlay	316,566
Grants and entitlements not restricted to specific programs	5,244,318
Payment in lieu of taxes	182,941
Investment earnings	6,563
Miscellaneous	50,290
Total general revenues	<u>21,373,771</u>
Change in net position	(714,243)
Net position beginning of year, as restated	11,448,804
Net position end of year	<u>\$ 10,734,561</u>

See accompanying notes to the basic financial statements.

Woodridge Local School District

Balance Sheet

Governmental Funds

June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 5,612,274	\$ 786,726	\$ 6,399,000
Cash and cash equivalents:			
In segregated accounts	1,094,101	-	1,094,101
Inventory held for resale	-	14,592	14,592
Receivables:			
Accounts	86,455	2,603	89,058
Intergovernmental	291,898	76,229	368,127
Interfund	78,242	-	78,242
Taxes	16,953,617	1,639,248	18,592,865
Prepaid items	11,195	-	11,195
Total assets	<u>\$ 24,127,782</u>	<u>\$ 2,519,398</u>	<u>\$ 26,647,180</u>
<u>Liabilities, deferred inflows of resources and fund balances:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 207,968	\$ 31,048	\$ 239,016
Accrued wages	1,522,085	105,093	1,627,178
Matured compensated absences payable	232	-	232
Unearned revenue	-	534	534
Interfund payable	-	78,242	78,242
Intergovernmental payable	925,936	38,945	964,881
Claims payable	306,408	-	306,408
Total liabilities	<u>2,962,629</u>	<u>253,862</u>	<u>3,216,491</u>
<u>Deferred inflows of resources</u>			
Property taxes	16,106,196	1,557,338	17,663,534
Unavailable revenue	288,807	-	288,807
Unavailable revenue - delinquent property taxes	307,039	29,302	336,341
Total deferred inflows of resources	<u>16,702,042</u>	<u>1,586,640</u>	<u>18,288,682</u>
<u>Fund balances:</u>			
Nonspendable	11,195	-	11,195
Restricted	-	655,196	655,196
Committed	-	73,635	73,635
Assigned	641,928	-	641,928
Unassigned	3,809,988	(49,935)	3,760,053
Total fund balances	<u>4,463,111</u>	<u>678,896</u>	<u>5,142,007</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,127,782</u>	<u>\$ 2,519,398</u>	<u>\$ 26,647,180</u>

See accompanying notes to the basic financial statements.

Woodridge Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013

Total governmental fund balances		\$ 5,142,007
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,070,740
Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:		
Property taxes	\$ 336,341	
Intergovernmental	23,290	
Tuition and fees	265,517	
Total	625,148	625,148
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	\$ (8,785,000)	
Premium on bonds	(232,952)	
Compensated absences	(969,197)	
Capital leases	(53,061)	
Equipment purchase agreement	(33,186)	
Accrued interest payable	(29,938)	
Total	(10,103,334)	(10,103,334)
Net position of governmental activities		\$ 10,734,561

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, 2013

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property taxes	\$ 14,405,213	\$ 1,547,030	\$ 15,952,243
Intergovernmental	4,905,891	1,960,896	6,866,787
Interest	6,575	71	6,646
Tuition and fees	1,316,170	-	1,316,170
Extracurricular activities	140,876	88,096	228,972
Gifts and donations	27,335	150,000	177,335
Customer services	-	259,021	259,021
Rent	4,852	-	4,852
Payments in lieu of taxes	182,941	-	182,941
Miscellaneous	51,757	298	52,055
Total revenues	<u>21,041,610</u>	<u>4,005,412</u>	<u>25,047,022</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	10,116,313	807,708	10,924,021
Special	3,404,043	178,154	3,582,197
Vocational	333,751	-	333,751
Other	55,954	154	56,108
Support services:			
Pupils	1,289,496	25,225	1,314,721
Instructional staff	324,758	42,699	367,457
Board of education	28,899	-	28,899
Administration	1,821,956	182,347	2,004,303
Fiscal	663,070	34,180	697,250
Business	-	6,411	6,411
Operation and maintenance of plant	1,737,278	117,995	1,855,273
Pupil transportation	1,637,848	60,869	1,698,717
Central	251,824	-	251,824
Operation of non-instructional services:			
Food service operations	-	779,334	779,334
Community services	600	602	1,202
Extracurricular activities	503,465	125,320	628,785
Capital outlay	78,179	341,378	419,557
Debt service:			
Principal retirement	25,738	1,315,340	1,341,078
Interest and fiscal charges	4,045	359,760	363,805
Total expenditures	<u>22,277,217</u>	<u>4,377,476</u>	<u>26,654,693</u>
Excess of revenues under expenditures	<u>(1,235,607)</u>	<u>(372,064)</u>	<u>(1,607,671)</u>
<u>Other financing sources (uses):</u>			
Purchase agreement	-	48,526	48,526
Transfers in	-	132,600	132,600
Transfers out	(132,600)	-	(132,600)
Total other financing sources (uses)	<u>(132,600)</u>	<u>181,126</u>	<u>48,526</u>
Net change in fund balances	(1,368,207)	(190,938)	(1,559,145)
Fund balances at beginning of year	5,831,318	869,834	6,701,152
Fund balances at end of year	<u>\$ 4,463,111</u>	<u>\$ 678,896</u>	<u>\$ 5,142,007</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, 2013**

Net change in fund balances - total governmental funds \$ (1,559,145)

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	\$ 419,557	
Depreciation expense	(673,467)	
Excess of depreciation expense over capital outlay		(253,910)

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	\$ (62,584)	
Intergovernmental	(44,215)	
Tuition and fees	(76,943)	
Rent	(2,362)	
Net change in deferred inflows of resources during the year		(186,104)

Repayment of principal on bonds, capital leases and purchase agreement is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,341,078

Some capital additions were financed through purchase agreements. In governmental funds, an arrangement like this is considered a source of financing, but in the statements of net position, the purchase agreement obligation is reported as a liability.

Inception of a purchase agreement (48,526)

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

Increase in compensated absences	\$ (88,619)	
Decrease in accrued interest	21,323	
Amortization of premium	59,660	
Total additional expenditures		(7,636)

Change in net position of governmental activities \$ (714,243)

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Taxes	\$ 13,666,300	\$ 15,170,479	\$ 15,170,479	\$ -
Intergovernmental	4,656,002	4,903,763	4,903,763	-
Interest	10,500	6,610	6,610	-
Tuition and fees	897,565	1,238,665	1,238,665	-
Rent	1,000	6,736	6,736	-
Gifts and donations	300	1,379	1,379	-
Miscellaneous	188,069	236,342	236,342	-
Total revenues	19,419,736	21,563,974	21,563,974	-
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	10,639,203	10,152,414	10,152,414	-
Special	3,325,912	3,386,003	3,386,003	-
Vocational	323,624	351,724	351,724	-
Other	62,705	56,518	56,518	-
Support services:				
Pupils	1,234,245	1,270,166	1,270,166	-
Instructional staff	296,857	296,157	296,157	-
Board of education	38,465	39,083	39,083	-
Administration	1,786,360	1,888,308	1,888,308	-
Fiscal	568,190	661,880	661,880	-
Operation and maintenance of plant	2,374,841	1,861,874	1,861,874	-
Pupil transportation	1,519,969	1,731,580	1,731,580	-
Central	191,667	257,942	257,942	-
Extracurricular activities	425,456	427,226	427,226	-
Total expenditures	22,787,494	22,380,875	22,380,875	-
Excess of revenues under expenditures	(3,367,758)	(816,901)	(816,901)	-
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	22,469	25,308	25,487	179
Advances in	-	-	161,391	161,391
Advances out	(200,000)	(78,242)	(78,242)	-
Transfers out	(150,000)	(157,520)	(157,520)	-
Total other financing sources (uses)	(327,531)	(210,454)	(48,884)	161,570
Net change in fund balance	(3,695,289)	(1,027,355)	(865,785)	161,570
Fund balance at beginning of year	5,505,812	5,505,812	5,505,812	-
Prior year encumbrances appropriated	568,300	568,300	568,300	-
Fund balance at end of year	\$ 2,378,823	\$ 5,046,757	\$ 5,208,327	\$ 161,570

See accompanying notes to the basic financial statements.

Woodridge Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 39,899
Cash and cash equivalents in segregated accounts	7,188
Total assets	<u>\$ 47,087</u>
<u>Liabilities:</u>	
Accounts payable	\$ 2,572
Undistributed monies	7,119
Due to students	37,396
Total liabilities	<u>\$ 47,087</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, 2013

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 123 non-certificated employees and 162 certificated teaching and support personnel, including 11 administrators that provide services to 2,024 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, 2013.

The School District is associated with the Metropolitan Regional Service Council (MRSC) also known as Northeast Ohio Network for Educational Technology (NEOnet), the Six District Educational Compact, and the Ohio Schools Council, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 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, 2013

A. Basis of Presentation - Fund Accounting

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Fund Types:

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

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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 position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds are agency funds which report resources that belong to the student bodies of the various schools 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, liabilities, deferred outflows of resources and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting and the agency fund uses the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, 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, 2013

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 Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District did not have any deferred outflows of resources at year end.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance year 2014 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

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.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

D. Budgets and Budgetary Accounting

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

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2013. 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, 2013, 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, 2013

G. Interfund Balances

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

H. Inventory

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

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

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their 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:

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

J. 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.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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.

K. Accrued Liabilities and Long-term Obligations

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

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

L. 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.

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.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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.

M. Net Position

Net position represents the difference between assets, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

N. Bond Premium

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

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 position.

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.

WOODRIDGE LOCAL SCHOOL DISTRICTNotes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**NOTE 3 – FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The 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>			
Prepaid items	\$ 11,195	\$ -	\$ 11,195
<u>Restricted</u>			
Special trust	-	3,709	3,709
Auxiliary services	-	5,383	5,383
Professional development	-	3,523	3,523
Data communication	-	4,752	4,752
Instructional programs	-	10,262	10,262
Drug awareness education	-	18	18
Special education	-	3,830	3,830
Capital improvements	-	45	45
Debt service	-	623,674	623,674
Total restricted	-	655,196	655,196
<u>Committed</u>			
Capital improvements	-	26,565	26,565
Debt service	-	47,070	47,070
Total committed	-	73,635	73,635
<u>Assigned</u>			
Public school support	34,748	-	34,748
Rotary	26,325	-	26,325
Encumbrances	220,480	-	220,480
Next fiscal year budget	360,375	-	360,375
Total assigned	641,928	-	641,928
Unassigned (deficit)	3,809,988	(49,935)	3,760,053
Total fund balances	\$ 4,463,111	\$ 678,896	\$ 5,142,007

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 4 – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

For fiscal year 2013, the School District has implemented Governmental Accounting Standards Board Statement (GASBS) No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”.

GASBS No. 63 established standards for the reporting of net position which was previously referred to as net assets. The School District’s implementation had no effect on the amount of beginning net position.

For fiscal year 2013, the School District has also implemented Governmental Accounting Standards Board Statement (GASBS) No. 65, “Items Previously Reported as Assets and Liabilities”.

GASBS No. 65 established standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities. In prior periods the School District had reported assets related to the unamortized debt issuance costs in the governmental activity entity wide financial statements. GASBS No. 65 has reclassified debt issuance costs as an expense in the period incurred rather than amortizing the costs over the life of the debt. The School District’s implementation of GASBS No. 65 had the following effect on the amount of beginning net position.

	Governmental <u>Activities</u>
Net position, June 30, 2012	\$ 11,568,081
Prior period adjustments:	
Unamortized debt issuance costs	<u>(119,277)</u>
Restated net position, July 1, 2012	<u>\$ 11,448,804</u>

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

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

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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	\$ (1,368,207)
Revenue accruals	932,308
Advances in	161,391
Expenditure accruals	(207,790)
Advances out	(78,242)
Budgeted as part of special revenue funds:	
Revenues	(251,857)
Transfers from general fund	(24,920)
Expenditures	296,418
Encumbrances (Budget Basis) outstanding at year end	<u>(324,886)</u>
Budget basis	<u>\$ (865,785)</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

Interim money 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;

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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.

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 \$2,030,139. The School District's bank balance of \$2,516,724 was not exposed to custodial credit risk.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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	\$ 5,305,000	96%	Daily	AA+ ⁽¹⁾
STAR Ohio	205,049	4%	57.5 ⁽³⁾	AAAm ⁽²⁾
	<u>\$ 5,510,049</u>			

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

⁽²⁾ Standard and Poor's rating

⁽³⁾ Days (Average)

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2013.

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 2013 amounted to \$6,575, which includes \$576 assigned from other School District funds.

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 \$5,305,000 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 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 STAR Ohio an AAAm rating and the FNMA bonds an AA+ rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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 96% of all investments held by the School District at June 30, 2013.

NOTE 7 - PROPERTY TAX

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used for public utilities) located in the School District. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, 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 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2012 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.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2011. The tax was phased out by reducing the assessment rate on the property over several years. The bill provided reimbursements to the School District equivalent to the revenue lost due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. House Bill No. 153 was signed into law on June 30, 2011. This bill dramatically reduced these reimbursements to the School District. Under the current state law, the School District will continue to be reimbursed at this reduced level.

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

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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 inflows of resources – property taxes for that portion not intended to finance current year operations. The amount available as an advance at year-end was \$540,382 in the general fund, \$41,380 in the bond retirement debt service fund and \$11,228 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>2012 Assessed Value</u>	<u>2011 Assessed Value</u>
<u>Real Property</u>		
Residential and agricultural	\$ 330,932,100	\$ 331,403,900
Commercial, industrial and minerals	101,631,710	102,127,220
<u>Tangible Personal Property</u>		
Public utilities	<u>6,273,480</u>	<u>5,772,810</u>
Total	<u>\$ 438,837,290</u>	<u>\$ 439,303,930</u>

NOTE 8 - RECEIVABLES

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), interfund, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. The general fund intergovernmental receivable at year-end consisted of excess costs and other miscellaneous reimbursements of \$291,898. Also, several special revenue funds recorded intergovernmental receivables for state and federal grants and reimbursements totaling \$76,229.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
Capital assets, not being depreciated:				
Land	\$ 839,759	\$ -	\$ -	\$ 839,759
Construction in progress	<u>-</u>	<u>17,500</u>	<u>-</u>	<u>17,500</u>
Total capital assets, not being depreciated	<u>839,759</u>	<u>17,500</u>	<u>-</u>	<u>857,259</u>
Capital assets, being depreciated:				
Land improvements	2,275,185	-	-	2,275,185
Buildings and improvements	21,420,643	174,770	-	21,595,413
Furniture, fixtures and equipment	2,879,803	118,200	-	2,998,003
Vehicles	<u>1,871,348</u>	<u>109,087</u>	<u>(104,023)</u>	<u>1,876,412</u>
Total capital assets, being depreciated	<u>28,446,979</u>	<u>402,057</u>	<u>(104,023)</u>	<u>28,745,013</u>
Less: Accumulated depreciation				
Land improvements	(1,440,196)	(38,672)	-	(1,478,868)
Buildings and improvements	(9,077,741)	(395,224)	-	(9,472,965)
Furniture, fixtures and equipment	(2,244,320)	(110,535)	-	(2,354,855)
Vehicles	<u>(1,199,831)</u>	<u>(129,036)</u>	<u>104,023</u>	<u>(1,224,844)</u>
Total accumulated depreciation	<u>(13,962,088)</u>	<u>(673,467)</u>	<u>104,023</u>	<u>(14,531,532)</u>
Total capital assets being depreciated, net	<u>14,484,891</u>	<u>(271,410)</u>	<u>-</u>	<u>14,213,481</u>
Governmental activities capital assets, net	<u>\$ 15,324,650</u>	<u>\$ (253,910)</u>	<u>\$ -</u>	<u>\$ 15,070,740</u>

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	360,370
Special		16,376
Vocational		6,617
Support services:		
Instructional staff		37,805
Administration		25,872
Business		669
Operation and maintenance of plant		20,863
Pupil transportation		132,014
Food service operations		34,890
Extracurricular activities		37,991
Total depreciation	\$	<u>673,467</u>

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at June 30, 2013 consisted of the following:

Due to general fund from:		
Nonmajor governmental funds	\$	78,242

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, 2013, all interfund loans outstanding are anticipated to be repaid in fiscal year 2014.

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Transfers from general fund to:		
Nonmajor governmental funds	\$	132,600

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, 2013

NOTE 11 - ACCOUNTABILITY

As of June 30, 2013, 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	\$ 44,813
Athletic and music	4,527
Title III	595

NOTE 12 - RISK MANAGEMENT

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

The School District provides life insurance and accidental death and dismemberment insurance to its employees. The School District has contracted with the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) to provide medical/surgical and dental insurance for its employees and their covered dependents. The OME-RESA is a risk servicing pool comprised of multiple entities. The School District pays monthly contributions that are placed in a fund from which eligible claims are paid for employees and their covered dependents. Claims are paid for all participants from their individual accounts and the School District's reserves are maintained in a separate bank account. The School District is retaining risk, however they maintain a specific stop loss policy of \$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 uses the general fund to record and report its participation in the joint self-insured health care program. The claims liability of \$306,408, reported in the fund at year end was estimated by the third party administrator and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in the claims liability during 2012 and 2013 were:

	<u>Year ended</u> <u>6/30/2013</u>	<u>Year ended</u> <u>6/30/2012</u>
Unpaid claims, beginning of fiscal year	\$ 304,301	\$ 328,740
Incurred claims (including IBNRs)	2,698,208	2,546,150
Claim payments	<u>(2,696,101)</u>	<u>(2,570,589)</u>
Unpaid claims, end of fiscal year	<u>\$ 306,408</u>	<u>\$ 304,301</u>

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

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 under Employers/Audit Resources.

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 2013, 13.10 percent of annual covered salary was the portion used to fund pension and death benefits. The remaining 0.90 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, 2013, 2012 and 2011 were \$452,180, \$425,468 and \$457,042 respectively; 66.7 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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

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

Funding Policy - For the fiscal year ended June 30, 2013, 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, 2013, 2012 and 2011 were \$1,345,707, \$1,455,048 and \$1,528,309 respectively; 73.7 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$30,390 made by the School District and \$21,707 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.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 14 - POST-EMPLOYMENT BENEFITS

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. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

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 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2013, this amount was \$20,525.

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, 2013, 2012 and 2011, were \$57,938, \$67,160 and \$124,933 respectively; 95.8 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011 were \$25,543, \$25,126 and \$29,412 respectively; 66.7 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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 or by calling (888) 227-7877.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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 2013, 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, 2013, 2012 and 2011 were \$103,515, \$111,927 and \$117,562 respectively; 73.7 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 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 July 1	Additions	Deletions	Balance June 30	Due within one year
<u>General Obligation Bonds</u>					
2012 Refunding School Improvement	\$ 6,530,000	\$ -	\$ (185,000)	\$ 6,345,000	\$ 75,000
Premium on bonds	292,612	-	(59,660)	232,952	-
1994 School Improvement	3,355,000	-	(1,070,000)	2,285,000	1,100,000
2006 Stadium Improvement	200,000	-	(45,000)	155,000	50,000
Subtotal bonds	<u>10,377,612</u>	<u>-</u>	<u>(1,359,660)</u>	<u>9,017,952</u>	<u>1,225,000</u>
<u>Other Obligations</u>					
Compensated absences	880,578	226,828	(138,209)	969,197	208,777
Equipment purchase agreement	-	48,526	(15,340)	33,186	16,593
Capital leases:					
Copy machines	78,799	-	(25,738)	53,061	23,422
Subtotal other obligations	<u>959,377</u>	<u>275,354</u>	<u>(179,287)</u>	<u>1,055,444</u>	<u>248,792</u>
Total general long-term obligations	<u>\$ 11,336,989</u>	<u>\$ 275,354</u>	<u>\$ (1,538,947)</u>	<u>\$ 10,073,396</u>	<u>\$ 1,473,792</u>

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

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

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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.

Equipment purchase agreement: Equipment purchase agreement obligation will be paid from the permanent improvement fund with two payments of \$16,593 due in fiscal years 2014 and 2015.

Principal and interest requirements to amortize all bonds outstanding at June 30, 2013 are as follows:

1994 School Improvement				
Fiscal <u>Year</u>	Interest <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	6.80%	\$ 1,100,000	\$ 117,980	\$ 1,217,980
2015	6.80%	1,185,000	40,290	1,225,290
Total		<u>\$ 2,285,000</u>	<u>\$ 158,270</u>	<u>\$ 2,443,270</u>

2012 School Improvement Refunding				
Fiscal <u>Year</u>	Interest <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	2.00%	\$ 75,000	\$ 140,300	\$ 215,300
2015	2.00%	75,000	138,800	213,800
2016	2.00%	1,190,000	128,375	1,318,375
2017	3.00%	1,260,000	99,800	1,359,800
2018	2.00%	1,300,000	67,400	1,367,400
2019-2020	2.00%	2,445,000	54,250	2,499,250
Total		<u>\$ 6,345,000</u>	<u>\$ 628,925</u>	<u>\$ 6,973,925</u>

Stadium Improvement Bonds, Series 2005				
Fiscal <u>Year</u>	Interest <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 155,000</u>	<u>\$ 18,239</u>	<u>\$ 173,239</u>

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 16 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

Capital assets acquired by lease have been capitalized as equipment in the amount of \$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 \$25,738. 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.

<u>Fiscal</u> <u>Year</u>	<u>Lease</u> <u>Payments</u>
2014	\$ 25,725
2015	21,671
2016	<u>9,128</u>
Total minimum lease payments	56,524
Less: amount representing interest	<u>(3,463)</u>
Total	<u>\$ 53,061</u>

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

The Metropolitan Regional Service Council (MRSC) is the computer service organization or Information Technology Center (ITC) used by the School District. MRSC is also known as Northeast Ohio Network for Educational Technology (NEOnet), which is the name used exclusively prior to their reorganization from a consortium to a council of governments. The superintendent from each member entity is appointed to the legislative body of MRSC known as the assembly. The assembly elects a board of directors consisting of nine members. These members comprise the managerial body of the council and meet at least five times yearly. The operations of MRSC are under the control of the board of directors and the executive director. The purpose of the MRSC is to develop and employ a computer system efficiently and effectively for the needs of the member school districts. All members are required to pay fees, charges and assessments as charged. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. During fiscal year 2013, the School District contributed \$99,347 to MRSC. This contribution includes purchases of software and related items as well as payment for services. Financial information can be obtained by contacting the fiscal agent at 700 Graham Road Cuyahoga Falls, Ohio 44221.

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

The Ohio Schools Council (Council) is a jointly governed organization among 198 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in thirty-five northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to its members. Each member supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2013 the School District paid the Council \$560 for membership fees, and \$325 for other services. Financial information can be obtained by contacting William Zelei, the Executive Director 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 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. 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 2013, the School District contributed \$44,515 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.

NOTE 18 - CONTINGENCIES

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

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2013.

NOTE 19 - STATUTORY RESERVES

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

WOODRIDGE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Although the School District had 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 capital maintenance.

	Capital Maintenance <u>Reserve</u>
Set-aside cash balance as of June 30, 2012	\$ -
Current year set-aside requirement	336,787
Current year offset	(1,255,000)
Qualifying disbursements	<u>-</u>
Total	<u>\$ (918,213)</u>
Balance carried forward to future years	<u>\$ -</u>

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**WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pas-through Grant Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Cash Assistance:						
National School Breakfast Program	10.553	100828-3L70-2013	120,214	-	120,214	-
National School Lunch Program	10.555	100828-3L60-2013	324,664	38,529	324,664	38,529
Cash Assistance Total			<u>444,878</u>	<u>38,529</u>	<u>444,878</u>	<u>38,529</u>
Total U.S. Department of Agriculture			<u>444,878</u>	<u>38,529</u>	<u>444,878</u>	<u>38,529</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Title I, Part A Cluster:						
Title I Grants to Local Education Agencies	84.010	100828-3M00-2012	69,015	-	52,361	-
Title I Grants to Local Education Agencies	84.010	100828-3M00-2013	327,731	-	333,495	-
Total Title I, Part A Cluster			<u>396,746</u>	<u>-</u>	<u>385,856</u>	<u>-</u>
Special Education Cluster:						
Special Education Grants to States, IDEA B	84.027	100828-3M00-2012	47,269	-	52,731	-
Special Education Grants to States, IDEA B	84.027	100828-3M00-2013	361,157	-	345,448	-
Total Special Education Cluster			<u>408,426</u>	<u>-</u>	<u>398,179</u>	<u>-</u>
Improving Teacher Quality State Grants, Title II-A						
Improving Teacher Quality State Grants, Title II-A	84.367	100828-3Y60-2012	7,806	-	2,385	-
Improving Teacher Quality State Grants, Title II-A	84.367	100828-3Y60-2013	62,823	-	65,553	-
Total Improving Teacher Quality State Grants, Title II-A			<u>70,629</u>	<u>-</u>	<u>67,938</u>	<u>-</u>
English Language Acquisition Grants, Title III						
English Language Acquisition Grants, Title III	84.365	100828-3Y70-2012	2,274	-	671	-
English Language Acquisition Grants, Title III	84.365	100828-3Y70-2013	11,175	-	10,393	-
Total Title III			<u>13,449</u>	<u>-</u>	<u>11,064</u>	<u>-</u>
<i>Total U.S. Department of Education</i>			<u>889,250</u>	<u>-</u>	<u>863,037</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 1,334,128</u>	<u>\$ 38,529</u>	<u>\$ 1,307,915</u>	<u>\$ 38,529</u>

The accompanying notes are an integral part of this schedule.

**WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Woodridge Local School District, Summit County, Ohio, (the District's) federal award programs' receipts and disbursements. 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 this 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 food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodridge Local School District, Summit County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 28, 2014, wherein we noted the District adopted the provisions of Governmental Accounting Standards No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and No. 65, "Items Previously Reported as Assets and Liabilities".

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 28, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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:

Report on Compliance for Each Major Federal Program

We have audited the Woodridge Local School District's, Summit County, Ohio (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Woodridge Local School District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Woodridge Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 28, 2014

**WOODRIDGE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title VI-B (Special Education) – CFDA #84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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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 December 18, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

February 28, 2014

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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
MARCH 25, 2014**