



Dave Yost • Auditor of State



**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Windham Exempted Village School District  
Portage County  
9530 Bauer Avenue  
Windham, Ohio 44288

To the Board of Education:

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

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

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

The District is experiencing certain financial difficulties. These conditions and management's plans to address these conditions are described in Note 18.

As described in Note 2, during the year ended June 30, 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Dave Yost**  
Auditor of State

January 18, 2012

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

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

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- In total, net assets of governmental activities increased \$9,171 which represents a 0.05% decrease from 2010.
- General revenues accounted for \$6,515,640 in revenue or 65.99% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,357,424 or 34.01% of total revenues of \$9,873,064.
- The District had \$9,863,893 in expenses related to governmental activities; only \$3,357,424 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,515,640 were not adequate to provide for these programs.
- The District has one major governmental fund, the general fund. The general fund had \$7,536,970 in revenues and \$7,107,280 in expenditures. During fiscal year 2011, the general fund's fund balance increased \$430,530 from a restated balance of \$992,095 to \$1,422,625.

**Using the Basic Financial Statements (BFS)**

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

The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the 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 tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column.

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

On the statement of net assets and in the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, food service operations, and interest and fiscal charges. The statement of net assets and statement of activities can be found on pages 13 and 14 of this report.

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

***Fund Financial Statements***

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

***Governmental Funds***

Most of the 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 financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19.

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-51 of this report.



**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

**The District as a Whole**

The table below provides a summary of the District's net assets at June 30, 2011 and June 30, 2010.

	<b>Net Assets</b>	
	Governmental Activities	Governmental Activities
	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 4,601,258	\$ 3,843,914
Capital assets, net	<u>16,908,362</u>	<u>17,599,601</u>
Total assets	<u>21,509,620</u>	<u>21,443,515</u>
<b><u>Liabilities</u></b>		
Current liabilities	2,383,620	2,283,974
Long-term liabilities	<u>1,238,679</u>	<u>1,281,391</u>
Total liabilities	<u>3,622,299</u>	<u>3,565,365</u>
<b><u>Net assets</u></b>		
Invested in capital assets, net of related debt	16,281,769	16,898,117
Restricted	625,426	718,826
Unrestricted	<u>980,126</u>	<u>261,207</u>
Total net assets	<u>\$ 17,887,321</u>	<u>\$ 17,878,150</u>

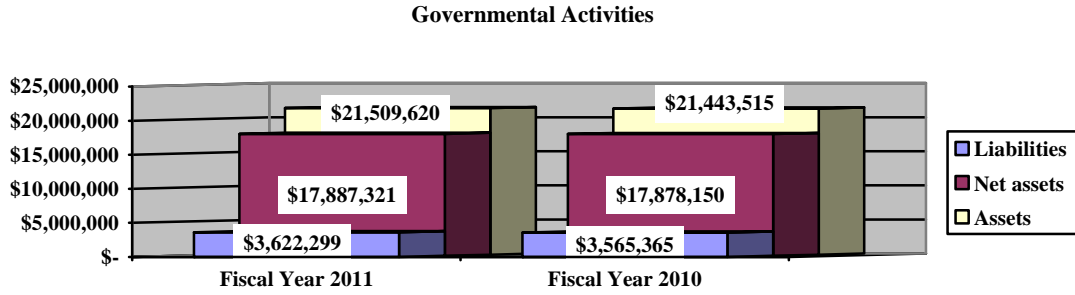
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$17,887,321. At year-end, restricted net assets were \$625,426, which are subject to external restriction on their use.

At year-end, capital assets represented 78.61% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011 were \$16,281,769. These capital assets are used to provide services to the students and are not available for future spending. Although the 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.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

The graph below presents the District's assets, liabilities and net assets for fiscal years 2011 and 2010.



The table below shows the change in net assets for fiscal year 2011 compared to fiscal year 2010.

	<b>Change in Net Assets</b>	
	Governmental Activities 2011	Governmental Activities 2010
	<u>2011</u>	<u>2010</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 419,802	\$ 405,322
Operating grants and contributions	2,937,622	1,666,777
General revenues:		
Property taxes	1,212,594	1,585,944
Payments in lieu of taxes	70,561	11,022
Grants and entitlements	5,204,762	6,189,625
Investment earnings	11,466	2,558
Other	<u>16,257</u>	<u>89,682</u>
Total revenues	<u>9,873,064</u>	<u>9,950,930</u>

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**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

**Change in Net Assets (continued)**

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,102,147	\$ 4,227,248
Special	1,728,005	1,793,066
Vocational	193,012	81,947
Other	4,227	19,662
Support services:		
Pupil	522,705	542,302
Instructional staff	478,933	685,833
Board of education	38,373	26,915
Administration	677,255	679,027
Fiscal	224,117	188,637
Business	15,256	20,028
Operations and maintenance	784,292	854,549
Pupil transportation	383,705	416,490
Central	79,575	33,029
Food service operations	364,513	390,590
Extracurricular activities	232,527	252,126
Interest and fiscal charges	<u>35,251</u>	<u>36,208</u>
Total expenses	<u>9,863,893</u>	<u>10,247,657</u>
Special item	-	(3,424,847)
Change in net assets	9,171	(3,721,574)
Net assets at beginning of year	<u>17,878,150</u>	<u>21,599,724</u>
Net assets at end of year	<u>\$ 17,887,321</u>	<u>\$ 17,878,150</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$9,171. Total governmental expenses of \$9,863,893 were offset by program revenues of \$3,357,424 and general revenues of \$6,515,640. Program revenues supported 34.04% of the total governmental expenses.

In the area of program revenues, the significant increase was in operating grants and contributions which increased \$1,270,845. This increase is attributable primarily to \$860,474 in funding through the State of Ohio for Pathway for Student Success (PASS) funding which offsets special education costs.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 65.00% of total governmental revenue.

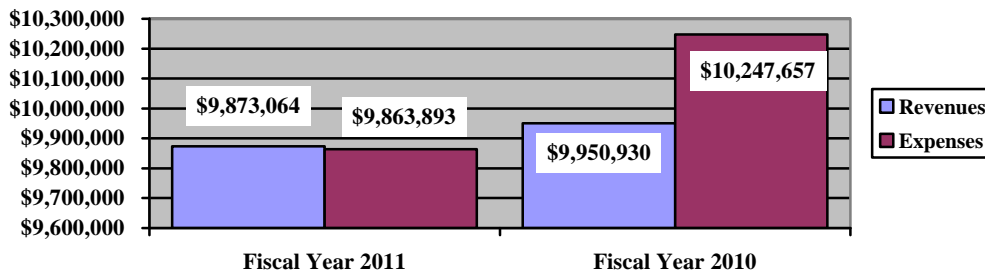
**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,027,391 or 61.11% of total governmental expenses for fiscal 2011.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2011 and 2010.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental 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 grants and entitlements.

**Governmental Activities**

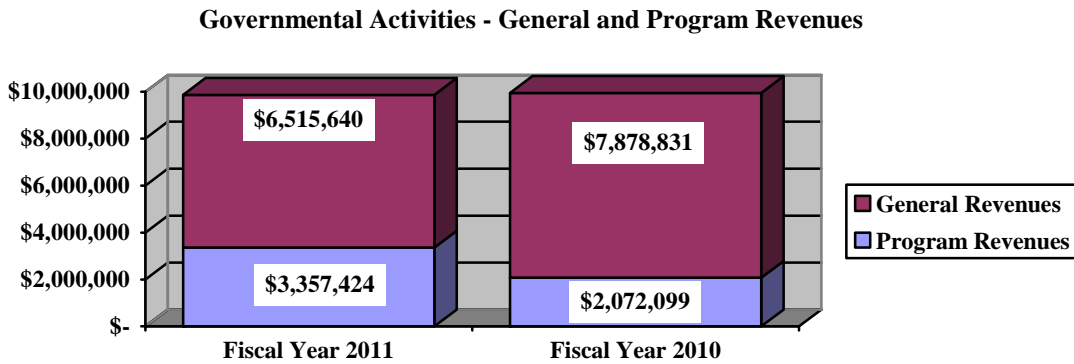
	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,102,147	\$ 2,925,575	4,227,248	\$ 3,481,657
Special	1,728,005	210,522	1,793,066	1,175,204
Vocational	193,012	168,531	81,947	57,648
Other	4,227	4,213	19,662	10,583
Support services:				
Pupil	522,705	483,605	542,302	516,460
Instructional staff	478,933	329,406	685,833	496,343
Board of education	38,373	38,373	26,915	26,915
Administration	677,255	623,460	679,027	658,990
Fiscal	224,117	224,117	188,637	188,637
Business	15,256	15,256	20,028	20,028
Operations and maintenance	784,292	781,263	854,549	854,549
Pupil transportation	383,705	353,961	416,490	380,362
Central	79,575	79,575	33,029	26,170
Food service operations	364,513	66,677	390,590	68,718
Extracurricular activities	232,527	166,684	252,126	177,086
Interest and fiscal charges	<u>35,251</u>	<u>35,251</u>	<u>36,208</u>	<u>36,208</u>
<b>Total expenses</b>	<u><u>\$ 9,863,893</u></u>	<u><u>\$ 6,506,469</u></u>	<u><u>\$ 10,247,657</u></u>	<u><u>\$ 8,175,558</u></u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

The dependence upon tax and other general revenues for governmental activities is apparent, 54.90% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 66.96%. The District's taxpayers as well as unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2011 and 2010.



**The District's Funds**

The June 30, 2010 fund balance of the general fund and other governmental funds were restated for fund reclassification required for the implementation of the GASB 54 (See note 3.B for detail). The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$1,654,088, which is greater than last year's restated fund balance of \$1,273,720. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance	(Restated) Fund Balance	Increase (Decrease)
	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>(Decrease)</u>
General	\$ 1,422,625	\$ 992,095	\$ 430,530
Other governmental	<u>231,463</u>	<u>281,625</u>	<u>(50,162)</u>
Total	<u>\$ 1,654,088</u>	<u>\$ 1,273,720</u>	<u>\$ 380,368</u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

***General Fund***

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2011	(restated) 2010	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 1,127,503	\$ 1,478,996	(23.77) %
Tuition and fees	221,078	218,393	1.23 %
Earnings on investments	10,814	10,272	5.28 %
Intergovernmental	6,127,427	6,198,161	(1.14) %
Other revenues	<u>50,148</u>	<u>131,082</u>	(61.74) %
Total	<u>\$ 7,536,970</u>	<u>\$ 8,036,904</u>	(6.22) %
<b><u>Expenditures</u></b>			
Instruction	\$ 4,116,766	\$ 4,477,867	(8.06) %
Support services	2,796,210	3,009,361	(7.08) %
Extracurricular activities	155,743	156,226	(0.31) %
Capital outlay	-	91,137	(100.00) %
Debt service	<u>38,561</u>	<u>30,096</u>	28.13 %
Total	<u>\$ 7,107,280</u>	<u>\$ 7,764,687</u>	(8.47) %

Revenue from taxes decreased 23.77% due to a lower amount of advances available from the County at June 30, 2011 than at June 30, 2010. The decrease in other revenue of 61.74% can be attributed to a decrease in receipts of revenue from local sources. Instruction and support services decreased 8.06% and 7.08%, respectively, due to the District using grant money to pay for salaries and other benefits. Capital outlay expenditures decreased due to the District entering a new capital lease in the prior fiscal year. All other revenue and expenditure items remained consistent with the prior fiscal year.

***General Fund Budgeting Highlights***

The 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 the course of fiscal year 2011, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$7,242,613, which is \$950,372 greater than the original budgeted revenues and other financing sources estimate of \$6,292,241. Actual revenues and other financing sources for fiscal year 2011 were \$7,229,290. This represents a \$13,323 decrease over final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$7,480,555 were decreased to \$6,989,639 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$6,694,246, which was \$295,393 less than the final budget appropriations. The decreases in appropriations were caused by the District's worst case scenario budgeting method in the original budget.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2011, the District had \$16,908,362 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2011 balances compared to 2010 balances:

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$ 202,375	\$ 202,375
Land improvements	517,538	538,580
Building and improvements	15,743,024	16,309,831
Furniture and equipment	252,349	318,972
Vehicles	<u>193,076</u>	<u>229,843</u>
Total	<u>\$ 16,908,362</u>	<u>\$ 17,599,601</u>

The overall decrease in capital assets is due to the depreciation expense of \$691,239 and the District acquiring no new capital assets during fiscal year 2011. See Note 8 for details of the District's capital assets.

*Debt Administration*

At June 30, 2011, the District had \$626,593 in bonds and a capital lease obligation outstanding. Of this total, \$60,765 is due within one year and \$565,828 is due in greater than one year. The following table summarizes the bonds and lease obligations outstanding:

	<b>Outstanding Debt, at Year End</b>	
	Governmental	Governmental
	Activities	Activities
	<u>2011</u>	<u>2010</u>
Construction bonds	\$ 554,604	\$ 595,779
Capital lease obligation	<u>71,989</u>	<u>105,705</u>
Total	<u>\$ 626,593</u>	<u>\$ 701,484</u>

In 1998, the District passed a 2.11 mil tax levy, providing for classroom facilities construction bonds. The general obligation bonds bear an interest rate of 5.35%. Payment of principal and interest on the construction bonds is being made from the bond retirement fund, a nonmajor governmental fund.

At June 30, 2011, the District's overall legal debt margin was \$4,121,919 with an unvoted debt margin of \$51,296. The District maintains an A-1 bond rating.

See Note 10 for details of the District's long-term obligations.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

**Current Financial Related Activity**

The District faces many challenges in the future. The District was placed in Fiscal Caution by the Ohio Department of Education (ODE) and continues to be monitored on a monthly basis by an ODE representative. The District continues to examine the operating procedures for additional cost savings, while still maintaining the quality of education.

The District is currently collecting revenue from two separate emergency levies approved by the voters in 2008 and 2009. However, since the District does continue to rely on the State for approximately 75% of the general operating revenues, the largest challenge currently facing the District is the future of State funding. The face of school funding in Ohio has changed with the passage of House Bill 1 and the temporary influx of stimulus money to school districts. The new plan decreased the District's State aid by .79% in fiscal year 2010. The District is excited about the stimulus money, but remains apprehensive over school funding as a whole as the economy continues to falter and the State projects budget cuts of 10% to 30% for fiscal year 2012.

The next challenge facing the District is declining enrollment. The District has been consistently experiencing a decline in enrollment over the past several years. Administration is hopeful that enrollment declines will level off in future years. The District has taken steps to reduce expenditures, as enrollment declines, by combining administrative positions, reducing staff, and offering early retirement incentives to certified staff when financially advantageous.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Ms. Dawn Altman, Treasurer of Windham Exempted Village School District at 9530 Bauer Avenue, Windham, Ohio 44288.



**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 2,467,642
Investments. . . . .	184,486
Receivables:	
Taxes . . . . .	1,639,154
Accounts. . . . .	125
Accrued interest . . . . .	228
Intergovernmental . . . . .	284,151
Materials and supplies inventory. . . . .	25,472
Capital assets:	
Land . . . . .	202,375
Depreciable capital assets, net. . . . .	16,705,987
Capital assets, net . . . . .	16,908,362
 Total assets. . . . .	 21,509,620
 <b>Liabilities:</b>	
Accounts payable. . . . .	18,328
Accrued wages and benefits . . . . .	794,204
Pension obligation payable. . . . .	206,794
Intergovernmental payable . . . . .	25,827
Accrued interest payable . . . . .	2,376
Unearned revenue . . . . .	1,336,091
Long-term liabilities:	
Due within one year. . . . .	197,161
Due in more than one year. . . . .	1,041,518
 Total liabilities . . . . .	 3,622,299
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	16,281,769
Restricted for:	
Capital projects . . . . .	308,709
Debt service. . . . .	64,821
Classroom facilities maintenance . . . . .	140,979
Locally funded programs . . . . .	1,575
State funded programs. . . . .	10,000
Federally funded programs . . . . .	62,986
Student activities . . . . .	27,310
Other purposes . . . . .	9,046
Unrestricted. . . . .	980,126
 Total net assets . . . . .	 \$ 17,887,321

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
				<u>Governmental Activities</u>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 4,102,147	\$ 204,657	\$ 971,915	\$ (2,925,575)
Special . . . . .	1,728,005	26,848	1,490,635	(210,522)
Vocational . . . . .	193,012	-	24,481	(168,531)
Other . . . . .	4,227	-	14	(4,213)
Support services:				
Pupil . . . . .	522,705	10,270	28,830	(483,605)
Instructional staff . . . . .	478,933	-	149,527	(329,406)
Board of education . . . . .	38,373	-	-	(38,373)
Administration. . . . .	677,255	12,186	41,609	(623,460)
Fiscal. . . . .	224,117	-	-	(224,117)
Business. . . . .	15,256	-	-	(15,256)
Operations and maintenance . . . . .	784,292	1,156	1,873	(781,263)
Pupil transportation. . . . .	383,705	2,109	27,635	(353,961)
Central . . . . .	79,575	-	-	(79,575)
Operation of non-instructional services:				
Food service operations . . . . .	364,513	96,864	200,972	(66,677)
Extracurricular activities. . . . .	232,527	65,712	131	(166,684)
Interest and fiscal charges . . . . .	35,251	-	-	(35,251)
<b>Totals . . . . .</b>	<b>\$ 9,863,893</b>	<b>\$ 419,802</b>	<b>\$ 2,937,622</b>	<b>(6,506,469)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	1,149,583
Debt service. . . . .	48,083
Special revenue . . . . .	14,928
Payments in lieu of taxes. . . . .	70,561
Grants and entitlements not restricted to specific programs . . . . .	5,204,762
Investment earnings . . . . .	11,466
Miscellaneous . . . . .	16,257
<b>Total general revenues . . . . .</b>	<b>6,515,640</b>
Change in net assets . . . . .	9,171
<b>Net assets at beginning of year. . . . .</b>	<b>17,878,150</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 17,887,321</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 1,903,927	\$ 554,669	\$ 2,458,596
Investments. . . . .	184,486	-	184,486
Receivables:			
Taxes. . . . .	1,553,872	85,282	1,639,154
Accounts . . . . .	-	125	125
Accrued interest . . . . .	228	-	228
Intergovernmental. . . . .	-	284,151	284,151
Interfund loans . . . . .	136,644	-	136,644
Materials and supplies inventory. . . . .	17,642	7,830	25,472
Restricted assets:			
Equity in pooled cash and cash equivalents . . . . .	9,046	-	9,046
Total assets . . . . .	<u>\$ 3,805,845</u>	<u>\$ 932,057</u>	<u>\$ 4,737,902</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 17,409	\$ 919	\$ 18,328
Accrued wages and benefits. . . . .	615,746	178,458	794,204
Compensated absences payable . . . . .	123,079	3,056	126,135
Pension obligation payable . . . . .	160,828	45,966	206,794
Intergovernmental payable . . . . .	21,105	4,722	25,827
Interfund loans payable. . . . .	-	136,644	136,644
Deferred revenue . . . . .	178,566	261,225	439,791
Unearned revenue. . . . .	1,266,487	69,604	1,336,091
Total liabilities. . . . .	<u>2,383,220</u>	<u>700,594</u>	<u>3,083,814</u>
<b>Fund Balances:</b>			
Nonspendable:			
Materials and supplies inventory. . . . .	17,642	7,830	25,472
Restricted:			
Debt service . . . . .	-	59,928	59,928
Capital improvements . . . . .	-	308,709	308,709
Classroom facilities maintenance . . . . .	-	138,697	138,697
Extracurricular. . . . .	-	27,310	27,310
Bus purchases . . . . .	9,046	-	9,046
Other purposes. . . . .	-	11,575	11,575
Assigned:			
Student instruction . . . . .	1,728	-	1,728
Student and staff support. . . . .	5,489	-	5,489
Extracurricular activities . . . . .	207	-	207
Public school support . . . . .	209,387	-	209,387
Unassigned (deficit) . . . . .	1,179,126	(322,586)	856,540
Total fund balances . . . . .	<u>1,422,625</u>	<u>231,463</u>	<u>1,654,088</u>
Total liabilities and fund balances . . . . .	<u>\$ 3,805,845</u>	<u>\$ 932,057</u>	<u>\$ 4,737,902</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2011

<b>Total governmental fund balances</b>		\$	1,654,088
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			16,908,362
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	187,889	
Accrued interest receivable		228	
Intergovernmental receivable		251,674	
Total		439,791	439,791
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(2,376)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds payable		554,604	
Capital lease obligation payable		71,989	
Compensated absences payable		485,951	
Total		(1,112,544)	(1,112,544)
<b>Net assets of governmental activities</b>		\$	17,887,321

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 1,127,503	\$ 61,775	\$ 1,189,278
Tuition. . . . .	221,078	-	221,078
Charges for services . . . . .	-	97,767	97,767
Earnings on investments . . . . .	10,814	424	11,238
Extracurricular. . . . .	31,301	67,066	98,367
Classroom materials and fees . . . . .	2,590	-	2,590
Contributions and donations . . . . .	16,257	134	16,391
Other local revenues . . . . .	-	1,039	1,039
Payments in lieu of taxes . . . . .	69,771	790	70,561
Intergovernmental - State . . . . .	6,000,354	602,853	6,603,207
Intergovernmental - Federal . . . . .	57,302	1,301,882	1,359,184
Total revenues . . . . .	<u>7,536,970</u>	<u>2,133,730</u>	<u>9,670,700</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular. . . . .	2,819,168	883,082	3,702,250
Special . . . . .	1,107,907	603,238	1,711,145
Vocational . . . . .	185,477	-	185,477
Other . . . . .	4,214	13	4,227
Support services:			
Pupil . . . . .	487,485	23,481	510,966
Instructional staff . . . . .	323,546	134,263	457,809
Board of education . . . . .	38,373	-	38,373
Administration . . . . .	602,323	50,664	652,987
Fiscal . . . . .	214,649	1,629	216,278
Business. . . . .	9,415	-	9,415
Operations and maintenance . . . . .	692,090	24,137	716,227
Pupil transportation . . . . .	348,754	1,337	350,091
Central . . . . .	79,575	-	79,575
Operation of non-instructional services:			
Food service operations. . . . .	-	330,180	330,180
Extracurricular activities . . . . .	155,743	64,897	220,640
Debt service:			
Principal retirement. . . . .	33,716	41,175	74,891
Interest and fiscal charges . . . . .	4,845	30,773	35,618
Total expenditures . . . . .	<u>7,107,280</u>	<u>2,188,869</u>	<u>9,296,149</u>
Net change in fund balances . . . . .	429,690	(55,139)	374,551
<b>Fund balances at beginning of year (restated).</b>	992,095	281,625	1,273,720
<b>Increase in reserve for inventory . . . . .</b>	840	4,977	5,817
<b>Fund balances at end of year. . . . .</b>	<u>\$ 1,422,625</u>	<u>\$ 231,463</u>	<u>\$ 1,654,088</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<b>Net change in fund balances - total governmental funds</b>	\$	374,551
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense in the current period.		(691,239)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		5,817
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	23,316	
Earnings on investments	228	
Intergovernmental	178,820	
Total	202,364	202,364
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		74,891
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		367
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		42,420
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>9,171</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 828,328	\$ 1,063,915	\$ 893,672	\$ (170,243)
Tuition. . . . .	157,457	16,595	221,078	204,483
Earnings on investments . . . . .	2,650	1,125	2,393	1,268
Classroom materials and fees . . . . .	1,967	269	2,665	2,396
Intergovernmental - intermediate . . . . .	46,183	-	72,483	72,483
Intergovernmental - state . . . . .	5,179,306	6,120,869	5,883,872	(236,997)
Intergovernmental - federal . . . . .	40,167	3,656	57,302	53,646
Total revenues . . . . .	<u>6,256,057</u>	<u>7,206,429</u>	<u>7,133,465</u>	<u>(72,964)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,178,997	4,522,714	2,748,289	1,774,425
Special. . . . .	1,208,626	471,430	1,143,535	(672,105)
Vocational. . . . .	192,465	144,687	171,181	(26,494)
Other. . . . .	13,085	9,447	4,214	5,233
Support services:				
Pupil. . . . .	510,105	506,587	467,422	39,165
Instructional staff . . . . .	357,891	250,909	316,213	(65,304)
Board of education . . . . .	29,779	6,725	26,705	(19,980)
Administration. . . . .	649,659	605,879	560,394	45,485
Fiscal . . . . .	226,955	106,774	197,132	(90,358)
Business . . . . .	14,607	4,367	11,862	(7,495)
Operations and maintenance. . . . .	554,209	254,750	402,355	(147,605)
Pupil transportation . . . . .	338,645	92,600	285,010	(192,410)
Central. . . . .	62,350	1,046	71,012	(69,966)
Extracurricular activities. . . . .	142,828	11,369	152,278	(140,909)
Total expenditures . . . . .	<u>7,480,200</u>	<u>6,989,284</u>	<u>6,557,602</u>	<u>431,682</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(1,224,143)</u>	<u>217,145</u>	<u>575,863</u>	<u>358,718</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	1,875	1,875	38,656	36,781
Transfers in . . . . .	34,265	34,265	355	(33,910)
Transfers (out). . . . .	(225)	(225)	-	225
Advances in. . . . .	44	44	56,814	56,770
Advances (out) . . . . .	(130)	(130)	(136,644)	(136,514)
Total other financing sources (uses) . . . . .	<u>35,829</u>	<u>35,829</u>	<u>(40,819)</u>	<u>(76,648)</u>
Net change in fund balance . . . . .	(1,188,314)	252,974	535,044	282,070
<b>Fund balance at beginning of year (restated).</b>	813,455	813,455	813,455	-
<b>Prior year encumbrances appropriated . . .</b>	5,230	5,230	5,230	-
<b>Fund balance (deficit) at end of year . . . .</b>	<u>\$ (369,629)</u>	<u>\$ 1,071,659</u>	<u>\$ 1,353,729</u>	<u>\$ 282,070</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ -	\$ 26,205
Investments . . . . .	40,666	-
<b>Receivables:</b>		
Accrued interest. . . . .	21	-
Total assets. . . . .	40,687	\$ 26,205
<b>Liabilities:</b>		
Intergovernmental payable . . . . .	-	\$ 8
Due to students. . . . .	-	26,197
Total liabilities . . . . .	-	\$ 26,205
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	40,687	
Total net assets . . . . .	\$ 40,687	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 1,772
Total additions. . . . .	1,772
<b>Deductions:</b>	
Scholarships awarded . . . . .	1,500
Change in net assets. . . . .	272
<b>Net assets at beginning of year . . . . .</b>	<b>40,415</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 40,687</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Windham Exempted Village School District (the "District") is located in Portage County and is located in the Village of Windham, and portions of surrounding townships.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District ranks as the 571<sup>st</sup> largest by enrollment among the 918 public and community school districts in the State. It currently operates 1 elementary school, 1 middle school and 1 comprehensive high school. The District employs 40 non-certified, 59 certified and 5 administrators full-time and part-time employees to provide services to approximately 655 students in grades K through 12 and various community groups.

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities provided it does not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Stark Portage Area Computer Consortium (SPARCC)

SPARCC is a data consortium of 29 school districts, two county offices and provides some selected services for one independent site, parochial schools, community schools, public libraries, chartered schools and special interest groups. SPARCC was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions among member districts. Each of the governments of these schools supports SPARCC based upon a per pupil charge, dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last 12 months' financial contribution. SPARCC is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in SPARCC because a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest.

Financial information can be obtained from the Treasurer for the Stark County Educational Service Center, who serves as fiscal agent, at 2100 39<sup>th</sup> Street NW, Canton, Ohio 44709-2300.

Portage County School Consortium (the "Consortium")

Portage County School Consortium is an insurance group-purchasing consortium made up of fourteen school districts in Columbiana, Portage and Mahoning Counties. All member districts pay an insurance premium directly to the Consortium.

Maplewood Career Center

The Maplewood Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of two representatives from each of the ten participating school districts' elected boards, which possesses its own budgeting and taxing authority. The jointly governed organization was formed for the purpose of providing vocational instruction to juniors and seniors in the participating districts. To obtain financial information, write to the Maplewood Career Center, Michelle Seckman, who serves as Treasurer, at 7075 State Route 88, Ravenna, Ohio 44266-9131.

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's major governmental fund:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of 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. Revenues not classified as program revenues are presented as general revenues of the District.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. 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, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

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. Fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2011, have been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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 governmental funds.

**E. Budgets**

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 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 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. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Portage County Budget Commission for rate determination.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate of estimated resources is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the specific fund level must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriations for that fund which covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" (both restricted and unrestricted) and "investments" on the basic financial statements.



**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

During fiscal year 2011, investments were limited to nonnegotiable certificates of deposits and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, 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 shares price which is the price the investment could be sold for on June 30, 2011.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$10,814, which includes \$1,232 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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 District maintains a capitalization threshold of \$5,000. The 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 an asset's life are not.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	10 years

**I. Interfund Balances**

On 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 on the statement of net assets.

**J. Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for 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 District will compensate the employees for the benefits through paid time off or some other means. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination (severance) payments. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30, by those employees who are currently eligible to receive termination (severance) payments and by those employees who are expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least 10 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**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 and capital leases are recognized as a liability on the fund financial statements when due.

**L. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally 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.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the 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* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor 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 District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Unassigned* - 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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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 Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted by State statute for bus purchases.

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

**N. Estimates**

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

**O. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a reserve for school bus purchases. This restricted asset is required by State statute. A schedule of statutory set-asides is presented in Note 17.

**P. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. During fiscal year 2011, there were no interfund transfers.

Interfund activities between governmental funds are eliminated in the statement of activities.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2011, neither type of transaction occurred.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**B. Fund Reclassification**

A fund reclassification is required in order to report funds in accordance with GASB Statement No 54. The fund reclassification had the following effect on the District's governmental fund balances as previously reported:

	General	Nonmajor Governmental	Total Governmental
Fund balance as previously reported	\$ 796,195	\$ 477,525	\$ 1,273,720
Fund reclassification:			
Public school support fund	195,900	(195,900)	-
Restated fund balance at July 1, 2010	\$ 992,095	\$ 281,625	\$ 1,273,720

The fund reclassification did not have an effect on net assets as previously reported.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**C. Budgetary Prior Period Adjustment**

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The District has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2010 is as follows:

<b>Budgetary Basis</b>	<u>General Fund</u>
Balance at June 30, 2010	\$ 1,303,772
Funds budgeted elsewhere	<u>(490,317)</u>
Restated balance at July 1, 2010	<u><u>\$ 813,455</u></u>

**D. Deficit Fund Balances**

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 32,442
Public school preschool	11,081
Education jobs	141,383
IDEA Part-B	23,535
Stimulus Title II-D	41,416
School improvement stimulus G	3,000
Title I - disadvantaged children	45,236
IDEA preschool grant for the handicapped	5,814
Improving teacher quality	10,849

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (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 banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 with Financial Institutions**

At June 30, 2011, the carrying amount of all District deposits was \$347,000. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, all of the District's bank balance of \$423,663 was covered by the FDIC.

**B. Investments**

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities</u> 6 months or less
STAR Ohio	\$ 2,371,999	\$ 2,371,999

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to invest in securities authorized by State statute.



**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 2,371,999</u>	<u>100.00</u>

**C. Reconciliation of Cash and Investment to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 347,000
Investments	<u>2,371,999</u>
Total	<u>\$ 2,718,999</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$2,652,128
Private-purpose trust fund	40,666
Agency fund	<u>26,205</u>
Total	<u>\$2,718,999</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2011 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 136,644</u>

Interfund loans receivable/payable are short-term interfund loans, and are expected to be repaid in the subsequent fiscal year. The primary purpose of these interfund loans is to cover costs where revenues were not received by June 30. The interfund loans will be repaid once the anticipated revenues are received. Interfund loans receivable/payable between governmental funds are eliminated and are not reported on the government-wide statement of net assets.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Portage County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$109,047 in the general fund, \$4,687 in the bond retirement fund (a nonmajor governmental fund) and \$1,440 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$270,814 in the general fund, \$11,670 in the bond retirement fund (a nonmajor governmental fund) and \$3,569 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 51,547,350	96.56	\$ 49,756,190	96.78
Public utility personal	1,604,515	3.01	1,539,310	2.99
Tangible personal property	<u>233,997</u>	<u>0.43</u>	<u>117,760</u>	<u>0.23</u>
Total	<u>\$ 53,385,862</u>	<u>100.00</u>	<u>\$ 51,413,260</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$51.86		\$51.99	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2011 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 1,639,154
Accounts	125
Accrued interest	228
Intergovernmental	<u>284,151</u>
Total	<u>\$ 1,923,658</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 8 - CAPITAL ASSETS**

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

	Balance			Balance
	<u>06/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/11</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 202,375	\$ -	\$ -	\$ 202,375
Total capital assets, not being depreciated	<u>202,375</u>	<u>-</u>	<u>-</u>	<u>202,375</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	886,252	-	-	886,252
Building and improvements	22,126,903	-	-	22,126,903
Furniture and equipment	944,335	-	-	944,335
Vehicles	<u>557,654</u>	<u>-</u>	<u>-</u>	<u>557,654</u>
Total capital assets, being depreciated	<u>24,515,144</u>	<u>-</u>	<u>-</u>	<u>24,515,144</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(347,672)	(21,042)	-	(368,714)
Building and improvements	(5,817,072)	(566,807)	-	(6,383,879)
Furniture and equipment	(625,363)	(66,623)	-	(691,986)
Vehicles	<u>(327,811)</u>	<u>(36,767)</u>	<u>-</u>	<u>(364,578)</u>
Total accumulated depreciation	<u>(7,117,918)</u>	<u>(691,239)</u>	<u>-</u>	<u>(7,809,157)</u>
Governmental activities capital assets, net	<u>\$ 17,599,601</u>	<u>\$ (691,239)</u>	<u>\$ -</u>	<u>\$ 16,908,362</u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 450,648
Special	26,305
Vocational	7,535
 <u>Support services:</u>	
Pupil	8,397
Instructional staff	22,427
Administration	24,318
Business	5,841
Operations and maintenance	57,859
Pupil transportation	35,649
Extracurricular	11,887
Food service operations	<u>40,373</u>
 Total depreciation expense	 <u><u>\$ 691,239</u></u>

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In 2010, the District entered into a capitalized lease with DeLage Laden Public Finance, LLC. for copier equipment. In a prior fiscal year, the District entered into a capitalized lease with GE Capital for copier equipment. These lease agreements met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copier equipment have been capitalized in the amount of \$200,898. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2011 was \$137,102, leaving a current book value of \$63,796. Principal and interest payments for the capital lease in fiscal year 2011 totaled \$33,716 and \$4,845, respectively, paid by the general fund.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2011:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 20,809
2013	20,809
2014	20,808
2015	<u>17,340</u>
Total minimum lease payments	79,766
Less amount representing interest	<u>(7,777)</u>
Total	<u>\$ 71,989</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2011, the following changes occurred in governmental activities long-term obligations:

	<u>Interest</u>	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>Rate</u>	<u>06/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/11</u>	<u>Due in</u>
						<u>One Year</u>
<b>Governmental activities:</b>						
<u>General obligation bonds:</u>						
Construction bonds	5.35%	\$ 595,779	\$ -	\$ (41,175)	\$ 554,604	\$ 43,378
<u>Other long-term obligations:</u>						
Capital lease obligation		105,705	-	(33,716)	71,989	17,387
Compensated absences		<u>579,907</u>	<u>98,311</u>	<u>(66,132)</u>	<u>612,086</u>	<u>136,396</u>
Total other long-term obligations		<u>685,612</u>	<u>98,311</u>	<u>(99,848)</u>	<u>684,075</u>	<u>153,783</u>
Total governmental activities		<u>\$ 1,281,391</u>	<u>\$ 98,311</u>	<u>\$ (141,023)</u>	<u>\$ 1,238,679</u>	<u>\$ 197,161</u>

Construction Bonds: The District issued classroom facilities construction bonds during fiscal year 1998. These bonds will be retired from the bond retirement fund, a nonmajor governmental fund, with revenue generated from a 2.11 mil levy. The District also passed a .5 mil levy to ultimately fund the maintenance costs of the new facility. Tax revenue has been reported in the classroom facilities maintenance special revenue fund, a nonmajor governmental fund.

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid, which is primarily the general fund.

Capital Lease Obligation: The capital lease obligation will be paid from the general fund. See Note 9 for details.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2011, are as follows:

<u>Fiscal Year</u>	<u>Classroom Facilities Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 43,378	\$ 28,511	\$ 71,889
2013	45,699	26,128	71,827
2014	48,144	23,618	71,762
2015	50,720	20,972	71,692
2016	53,433	18,187	71,620
2017 - 2021	313,230	43,638	356,868
Total	\$ 554,604	\$ 161,054	\$ 715,658

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$4,121,919 (including available funds of \$59,928) and an unvoted debt margin of \$51,296.

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-two days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for twenty-five percent of the total sick leave accumulation, up to a maximum accumulation of seventy-five days for both certificated and classified employees. Classified employees also receive a bonus of 10% of the sick leave balance over 180 days up to 300 days. An employee receiving such payment must meet the retirement provisions set by the State Teachers Retirement System of Ohio (STRS Ohio) and the School Employees Retirement System (SERS).

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 11 - OTHER EMPLOYEE BENEFITS - (Continued)**

**B. Insurance Benefits**

The District provides life insurance to all employees in the amount of \$33,000.

**C. Early Retirement Incentive**

The District participates in an early retirement incentive with STRS Ohio. An employee who is eligible to retire under the requirements of STRS Ohio is also eligible for the early retirement incentive. STRS Ohio calculates the amount for each employee and then bills the District. In fiscal year 2011, no employees participated in the early retirement incentive.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District participates in the Portage County School Consortium (the "Consortium"), which is a cooperative entity among 14 educational-service providers formed in 1981 to facilitate effective risk management and to share the cost of providing various insurance coverages and employee benefits. The Health and Welfare Trust is organized under the provisions of Section 501(c) (9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as health insurance, disability insurance and life insurance. A third party administrator is retained by the consortium to facilitate the operation of the Health and Welfare Trust. The District pays all insurance premiums directly to the consortium. The insurance agreement with the Consortium also provides that the Consortium will reinsure through commercial companies for claims over \$150,000 per employee. Although the District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's Governing Board, as provided in the Consortium's enabling authority. Although the District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the Consortium become depleted, it is the opinion of management that the assets of the Consortium are sufficient to meet its claims.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2011, the District contracted with the following carriers for various insurance coverages, as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Ohio Casualty Insurance	Automobile	\$250 Comprehensive; \$500 Collision
Ohio Casualty Insurance	General Liability	\$0
Ohio Casualty Insurance	Property Insurance	\$2,500

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded coverages in any of the past three fiscal years.



**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 12 - RISK MANAGEMENT - (Continued)**

**B. Group Health and Dental Insurance**

Health, life, dental and other group insurance is offered to employees as a fringe benefit. Employer and employee contributions to premium are determined by negotiated agreements with employee labor unions (currently, single and family coverage is 90% Board-paid and 10% employee-paid for employees hired after September 1, 2001 - for all other employees 95% is Board-paid and 5% is employee paid).

While all benefit plans are traditionally-funded through common carriers, the Board's group health plan contains provisions for discounted amounts to be remitted to the carrier during the year (90% of the carrier-established premium for fiscal year 2010), contingent upon the group's claims experience for the year. While the District has not retained risk for any claims, should the group's claim costs for the year exceed the threshold of the discounted amount remitted to the carrier during the year, the District must remit additional premium, to a maximum of the difference between the discounted premium and the full premium.

**C. Workers' Compensation Group Rating Plan**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (see Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan.

The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to districts that can meet the Plan's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the Plan.

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Media/Financial Reports".

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 13 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$132,188, \$138,287 and \$94,317, respectively; 58.55 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

Plan Description - The 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 website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

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.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - PENSION PLANS - (Continued)**

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$499,704, \$508,155 and \$480,494, respectively; 82.07 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$7,719 made by the District and \$5,514 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. 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 the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Media/Financial Reports*".

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010 and 2009 were \$32,518, \$25,931 and \$58,949, respectively; 58.55 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$8,507, \$8,224 and \$7,782, respectively; 58.55 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$38,439, \$39,089 and \$36,961, respectively; 82.07 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While 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 is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 535,044
Net adjustment for revenue accruals	(113,811)
Net adjustment for expenditure accruals	(33,314)
Net adjustment for other sources/uses	41,174
Funds budgeted elsewhere	(7,366)
Adjustment for encumbrances	<u>7,963</u>
GAAP basis	<u>\$ 429,690</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the emergency levy fund and the public school support fund.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**C. Debt**

The Ohio School Facilities Commission (the "Commission") was made aware that the District authorized \$884,296.26 out of construction project funds without the consent of the Architect, Construction Manager, or Commission. The Commission is in the process of evaluating whether it can ratify any or all of the expenditures as related to the construction project. At this time, it is not determinable whether the District will sustain a liability related to this matter, therefore, in accordance with FASB Statement No. 5, "Accounting for Contingencies," a liability has not been reported in the financial statements.

**NOTE 17 - SET-ASIDES**

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 17 - SET-ASIDES - (Continued)**

The following cash basis information describes the change in the fiscal year-end set-aside amounts for textbooks and capital improvements. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	86,668	86,668
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(72,374)	(103,465)
Excess qualified expenditures from prior years	(17,826)	-
Current year offsets	-	-
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	-
Total	<u>\$ (3,532)</u>	<u>\$ (16,797)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

During fiscal year 1998, the District issued \$1,000,000 in classroom facilities construction bonds. These proceeds may be used to reduce capital acquisition to zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the reserve for capital improvement to \$0. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$804,397 at June 30, 2011.

The District also had \$9,046 in monies restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2011 follows:

Amount restricted for school bus purchases	<u>\$ 9,046</u>
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**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 18 - FINANCIAL CONDITION**

On December 31, 2002, the District was declared to be in fiscal caution by the Ohio Department of Education and Auditor of State. The District's year-end deficit balances have been disclosed in Note 3. An entity may be released from fiscal caution if the Department of Education determines that corrective actions have been or are being implemented. The Auditor of State's office released a performance audit of the District on November 20, 2003. The performance audit report provided recommendations to eliminate the conditions that brought about the declaration of fiscal caution. The performance audit report contained the following noteworthy accomplishments made by the District while in fiscal caution: 1) the District decreased expenditures in various areas, thereby increasing ending fund balances and improving its financial condition. For instance, the Board of Education approved 18.9 Full-Time Equivalent (FTE) staff reductions, which was a recommendation of the performance audit; 2) the Treasurer updated previous forecasts to present more reliable and accurate projections; 3) as recommended in the performance audit, the District closed East Elementary School at the end of the fiscal year 2003 and sold the building during fiscal year 2010, reduced staff, and leased the facility to the Portage County Educational Service Center for several years; 4) the District joined the Ohio Schools Council (OSC) to take advantage of group purchasing agreements and consortiums to help reduce operating costs; 5) the District reduced one bus route; 6) renegotiated fuel prices; (7) adjusted temperature settings; (8) exploring options to cover special needs transportation; and (9) the maximum out-of-pocket costs for medical expenses have been increased and the prescription program was changed to a three-tier plan.

**NOTE 19 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 19,819
Other governmental	<u>37,796</u>
Total	<u>\$ 57,615</u>



WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/ <i>Pass-Through/</i> Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster :</i>						
National School Breakfast Program	2011	10.553	\$43,700		\$43,700	
National School Lunch Program	2011	10.555	126,954	5,196	126,954	5,196
Total U.S.Department of Agriculture			170,654	5,196	170,654	5,196
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed through the Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies (Title I Part A)	2010	84.010	20,336		(21,520)	
	2011		282,329		289,603	
Title I SI, SUB A		84.010	1,500		1,500	
Title I, SI, SUB G	2010	84.377			300	
	2011				3,000	
ARRA Title I	2010	84.389	2,508		2,309	
	2011		56,724		42,412	
Total to Local Educational Agencies (Title I)			363,397		317,604	
Special Education Cluster:						
Special Education-Grants to States (IDEA Part B)	2010	84.027	6,160		5,852	
	2011		171,635		182,305	
ARRA Title IDEA	2010	84.391	18,089		15,475	
	2011		99,571		99,623	
Total Special Education-(IDEA Part B)			295,455		303,255	
Special Education-Preschool Grant	2010	84.173	1,252		1,252	
	2011		9,087		11,008	
Total Special Education-Preschool Grant			10,339		12,260	
Total Special Education Cluster			305,794		315,515	
Safe and Drug-Free Schools (Title IV-A)	2010	84.186	2,628			
	2011		1,081		1,081	
Total Safe and Drug-Free Schools (Title IV-A)			3,709		1,081	
Technology Literacy Challenge Fund Grant (Title II-D)	2010	84.318	706		706	
ARRA Title II-D	2010	84.386	2,309			
	2011		98,278		139,690	
Total Technology Literacy Challenge Fund Grant			101,293		140,396	
Improving Teacher Quality (Title II-A)	2010	84.367	8,327		8,220	
	2011		58,075		58,579	
Total Improving Teacher Quality (Title II-A)			66,402		66,799	
ARRA State Fiscal Stabilization	2010	84.394			65,507	
	2011		467,608		467,608	
			467,608		533,115	
Education Jobs	2011	84.410	246,253		290,139	
Total U.S. Department of Education			1,554,456		1,664,649	
<b>Totals</b>			<b>\$1,725,110</b>	<b>\$5,196</b>	<b>\$1,835,303</b>	<b>\$5,196</b>

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Windham Exempted Village School District (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 fair 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 ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Windham Exempted Village School District  
Portage County  
9530 Bauer Avenue  
Windham, Ohio 44288

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Windham Exempted Village School District, Portage County, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 18, 2012, wherein we noted the District implemented Governmental Accounting Standards Board Statement No. 54. We also noted the District is experiencing financial difficulties and was declared to be in fiscal caution on December 31, 2002 as discussed in Note 18. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2011-01.

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

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

**Dave Yost**  
Auditor of State

January 18, 2012



# Dave Yost • Auditor of State

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

Windham Exempted Village School District  
Portage County  
9530 Bauer Avenue  
Windham, Ohio 44288

To the Board of Education:

### Compliance

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

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

In our opinion, the Windham Exempted Village School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

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

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

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

However, we did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 18, 2012.

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



**Dave Yost**  
Auditor of State

January 18, 2012

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT  
PORTAGE COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	<b>Yes</b>
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	<b>No</b>
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster CFDA 84.027, 84.173, 84.391 ARRA SFS CFDA 84.394 Educational Technology CFDA 84.318, 84.386
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	<b>No</b>

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

**FINDING NUMBER - 2011-01**

**Falsification of Time Sheets**

**Noncompliance- Finding For Recovery**

The District discovered that bus driver, Mrs. Caroyl Fowler, was falsifying time sheets relating to a morning (AM) bus route to the County Behavioral Unit (CLP) from February 21, 2011 to May 13, 2011. Mrs. Fowler indicated on her time sheets that she was driving to CLP for a morning run when in fact she was only driving there in the afternoon. Review of the time sheets showed Mrs Fowler signed 11 weekly time sheets with a total of 54 AM bus runs to CLP. She has admitted to the District's administrative staff she did not perform the morning runs as indicated. These 54 occurrences multiplied by the route rate of \$27.18 total \$1,467.72. Additionally, the District paid 14% of this amount for retirement for \$205.48.

Therefore, a total of \$1,673 was overpaid to Mrs. Fowler during the audit period.

In accordance with the foregoing facts and pursuant to **Ohio Revised Code Section 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Caroyl Fowler, in the amount of \$1,673 in favor of the Windham Exempted Village School District, General Fund in the amount of \$1,673.

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

**None**





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Windham Exempted Village School District  
Portage County  
9530 Bauer Avenue  
Windham, Ohio 44288

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 Windham Exempted Village 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 November 27, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

**Dave Yost**  
Auditor of State

January 18, 2012

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# Dave Yost • Auditor of State

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT**

**PORTAGE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 8, 2012**