

***WOODRIDGE LOCAL SCHOOL DISTRICT***

***SUMMIT COUNTY***

**Audit Report**

**For the Year Ended June 30, 2016**







# Dave Yost • Auditor of State

Board of Education  
Woodridge Local School District  
4411 Quick Road  
Peninsula, Ohio 44264

We have reviewed the *Independent Auditors' Report* of the Woodridge Local School District, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Woodridge Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

February 16, 2017

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**WOODRIDGE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY  
AUDIT REPORT  
For the Year Ending June 30, 2016**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditors' Report.....	1-3
Management's Discussion and Analysis.....	4-11
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position.....	12
Statement of Activities.....	13
<b>Fund Financial Statements:</b>	
Balance Sheet-Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual - General Fund.....	18
Statement of Fiduciary Net Position- Fiduciary Funds.....	19
Notes to the Basic Financial Statements.....	20-51
Schedules of Required Supplementary Information.....	52-54
Schedule of Expenditures of Federal Awards.....	55
Notes to the Schedule of Expenditures of Federal Awards .....	56
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	57-58
Independent Auditors' Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the <i>Uniform Guidance</i> .....	59-60
Schedule of Findings .....	61
Schedule of Prior Audit Findings.....	62

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

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## **INDEPENDENT AUDITORS' REPORT**

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodridge Local School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

***Opinion***

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 the Woodridge Local School District, Summit County, Ohio, as of June 30, 2016, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

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

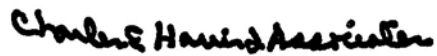
The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



*Charles E. Harris & Associates, Inc.*  
December 27, 2016

**Woodridge Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited

This discussion and analysis of Woodridge Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- General revenues accounted for \$26,105,515 in revenue or 87 percent of all revenues. Program specific revenues in the form of charges for services; and operating grants, contributions and interest; accounted for \$3,894,015 or 13 percent of total revenues of \$29,999,530.
- The School District had \$28,429,024 in expenses related to governmental activities; program revenues offset only \$3,894,015 of these expenses. \$26,105,515 of general revenues was adequate to provide for these programs resulting in an increase in net position of \$1,570,506.
- At the end of the fiscal year, fund balance for the general fund was \$8,844,900 and the total fund balance increased by \$227,591
- During the fiscal year the School District issued \$33,500,000 in general obligation bonds and entered into a lease purchase agreement in the amount of \$360,000 and a land purchase agreement in the amount of \$350,000.

**Using this Annual Financial Report**

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

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

**Reporting the School District as a Whole**

*Statement of Net Position and the Statement of Activities*

While these statements contain information about a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2016?" These statements include all non-fiduciary assets, liabilities, deferred outflows of resources and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies.

**Woodridge Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited

This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant fund. The School District's major governmental funds are the general fund, the bond retirement fund and the building fund.

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

**The School District as a Whole**

Recall that the statement of net position provides the perspective of the School District as a whole. Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the School District's net position increased \$1,570,506 from June 30, 2015.

**Woodridge Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited

Table 1 provides a summary of the School District's net position for 2016 and 2015.

		Table 1 Net Position	
		Governmental Activities	
		2016	2015
<b>Assets</b>			
Current and other assets		\$ 66,846,762	\$ 28,739,342
Capital assets, net of depreciation		15,568,284	14,634,464
Total assets		82,415,046	43,373,806
 <b>Deferred outflows of resources</b>			
Pension		3,622,030	2,294,851
 <b>Liabilities</b>			
Current and other liabilities		4,323,225	3,301,198
Long-term liabilities:			
Due within one year		2,021,442	1,531,614
Due in more than one year:			
Net pension liability		35,294,554	31,085,231
Other amounts		41,363,485	6,251,520
Total liabilities		83,002,706	42,169,563
 <b>Deferred inflows of resources</b>			
Property taxes		16,315,197	15,098,489
Pension		2,362,443	5,614,381
Total deferred inflows of resources		18,677,640	20,712,870
 <b>Net Position</b>			
Net investment in capital assets		5,903,632	7,850,487
Restricted		4,475,908	761,595
Unrestricted		(26,022,810)	(25,825,858)
Total net position		\$ (15,643,270)	\$ (17,213,776)

Net investment in capital assets reported on the government-wide statements represent a large portion of the School District's net position for fiscal year 2016. Capital assets, which include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$4,475,908, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net position, \$4,299,804 is restricted for debt service payments, \$71,504 is restricted for capital projects, and \$104,600 is restricted for other purposes. The remaining balance of net position happens to be a deficit of \$(26,022,810) and is unrestricted.

**Woodridge Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited

The School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting in the statement of net position. The School District's statement of activities prepared on an accrual basis of accounting includes an annual pension expense for its proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows. The net pension liability is the largest single liability reported by the School District at June 30, 2016. Table 2 shows changes in net position for fiscal year 2016 and 2015.

Table 2  
Change in Net Position

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,105,488	\$ 2,190,102
Operating grants, contributions and interest	1,749,671	1,831,430
Capital grants and contributions	38,856	-
General revenues:		
Property taxes	19,836,064	19,230,579
Grants and entitlements	5,696,491	5,673,941
Investment earnings	84,567	3,575
Miscellaneous	49,477	102,710
Payments in lieu of taxes	438,916	131,780
Total revenues	<u>29,999,530</u>	<u>29,164,117</u>
<b>Program Expenses</b>		
Instruction:		
Regular	12,611,741	12,412,474
Special	3,780,876	3,314,171
Vocational	317,602	241,834
Other	86,822	80,879
Support services:		
Pupils	1,516,876	1,524,116
Instructional staff	560,828	554,095
Board of education	28,299	28,400
Administration	2,231,805	2,006,270
Fiscal	676,856	652,794
Business	4,153	65,224
Operation and maintenance of plant	2,071,160	1,789,613
Pupil transportation	1,853,139	1,788,660
Central	340,549	330,072
Operation of non-instructional services:		
Food service operations	830,519	780,219
Community services	9,798	10,939
Extracurricular activities	815,511	812,937
Interest and fiscal charges	692,490	135,266
Total expenses	<u>28,429,024</u>	<u>26,527,963</u>
Increase in net position	<u>\$ 1,570,506</u>	<u>\$ 2,636,154</u>

**Woodridge Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2016  
 Unaudited

**Governmental Activities**

Several revenue sources fund our governmental activities with property taxes and State foundation revenues being the largest contributors. Property tax levies generated over \$19.8 million in 2016, which is an increase of \$605,485 or 3.1 percent over last year. This increase in property taxes is due to accruals of property tax available as an advance at the end of each year. General revenues from grants and entitlements, such as the school foundation program, generated over \$5.6 million. With the combination of taxes and intergovernmental funding comprising approximately 85.1 percent of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

Instruction and support services comprise 59.1 percent and 32.7 percent, respectively, of governmental program expenses. Food service operations were over 2.9 percent of governmental program expenses and had adequate program revenues to support expenses.

In the prior fiscal year, the School District implemented the new accounting standard for pension. As a result of implementing the new accounting standard, the School District is reporting a significant net pension liability and related deferred inflows of resources, which have a negative effect on net position. In addition, the School District is reporting deferred outflows of resources and a reduction of expenses related to pension for this fiscal year, which have a positive impact on net position. This expense amount is the difference between the contractually required contributions and the pension expense resulting from the change in the net pension liability that is not reported as deferred inflows or outflows. These two amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of this new accounting standard on the School District's net position, additional information is presented below.

	<u>2016</u>	<u>2015</u>
Net position	\$ (15,643,270)	\$ (17,213,776)
Deferred outflows - pension	(3,622,030)	(2,294,851)
Deferred inflows - pension	2,362,443	5,614,381
Net pension liability	<u>35,294,554</u>	<u>31,085,231</u>
Net position without new standard	<u>\$ 18,391,697</u>	<u>\$ 17,190,985</u>
Impact of new accounting standard on net position end of year	\$ (34,034,967)	\$ (34,404,761)

**The School District's Funds**

The School District's funds are accounted for using the modified accrual basis of accounting. The total revenues are \$30,287,368 and total expenditures are \$30,947,325. The total net change in fund balance across all governmental funds was an increase of \$36,412,321. Net increase in fund balance for the year was significant in the bond retirement fund and the building fund, amounting to \$3,793,451 and \$32,482,627. The increase is due to the issuance of general obligation bonds during the year. Net increases in the general fund amounted to \$227,591. Table 3 below indicates the fund balance and the total change in fund balance as of June 30, 2016 and 2015.

**Woodridge Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2016  
 Unaudited

Table 3  
 Fund Balances

	Fund Balance June 30, 2016	Fund Balance June 30, 2015	Increase (Decrease)
General	\$ 8,844,900	\$ 8,617,309	\$ 227,591
Bond retirement	4,557,211	763,760	3,793,451
Building	32,482,627	-	32,482,627
Other governmental	121,462	212,810	(91,348)
Total	<u>\$ 46,006,200</u>	<u>\$ 9,593,879</u>	<u>\$ 36,412,321</u>

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During fiscal year 2016, the School District amended its general fund revenue budget as more accurate property tax, State foundation and grant information became available. The School District amended its general fund expenditures budget several times during the year but none were significant. All budget revisions are presented to the Board of Education for approval.

For the general fund, the original budgeted revenue estimate was \$24,537,652. This amount was changed during the year, resulting in a final revenue budget of \$24,670,947. Actual revenue reported was \$24,671,057; which was \$133,405 more than originally anticipated.

The original expenditures estimate of \$25,578,781 was revised during the fiscal year. The final expenditures estimate of \$25,063,124 was \$515,657 less than originally anticipated. In total this would be considered insignificant, with increases and decreases from the original and final budget posted to several line items of the budget. The actual expenditures however, were \$25,063,124, which is the same as the final budgeted amount. This was the result of conservative spending by the district.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2016, the School District had \$15,568,284 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal year 2016 balances compared to fiscal year 2015.

**Woodridge Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2016  
 Unaudited

Table 4  
 Capital Assets, at Fiscal Year End  
 (Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 1,189,759	\$ 839,759
Construction in progress	1,046,719	-
Land improvements	688,688	724,005
Buildings and improvements	11,327,630	11,674,824
Furniture, fixtures and equipment	499,877	563,615
Vehicles	815,611	832,261
Total capital assets	<u>\$ 15,568,284</u>	<u>\$ 14,634,464</u>

The total increase in capital assets is due to current year acquisitions for the construction and renovation of school buildings exceeding current year depreciation. See Note 8 to the basic financial statements for detail on the School District's capital assets.

**Debt**

At June 30, 2016 the School District had \$42,339,150 in bonds (including unamortized bond premium), purchase agreements and capital leases outstanding with \$1,836,775 due within one year. This balance reflected an increase of \$35,555,173 from the previous year's balance of \$6,783,977. Table 5 summarizes the debt and capital leases outstanding:

Table 5  
 Outstanding Debt, Equipment Purchase Agreement  
 and Capital Lease, at Fiscal Year End

	Governmental	Governmental
	Activities	Activities
	<u>2016</u>	<u>2015</u>
General obligation bonds	\$ 41,417,273	\$ 6,365,747
Lease purchase agreement	263,330	-
Land purchase agreement	350,000	-
Capital leases	308,547	418,230
Total outstanding	<u>\$ 42,339,150</u>	<u>\$ 6,783,977</u>

See Notes 14 and 15 to the basic financial statements for the repayment schedules of the bonded debt, the purchase agreements and the capital leases.

The School District has budgeted to meet all of the School District's debt requirements.



**Woodridge Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited

**Current Issues Affecting Financial Condition**

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

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

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

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

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

**Woodridge Local School District**  
**Statement of Net Position**  
**June 30, 2016**

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 44,479,454
Cash and cash equivalents:	
In segregated accounts	1,214,876
Inventory held for resale	12,406
Accrued interest receivable	20,978
Receivables:	
Accounts	30,551
Intergovernmental	588,688
Taxes	20,499,809
Capital assets:	
Land and construction in progress	2,236,478
Depreciable capital assets	29,178,633
Accumulated depreciation	(15,846,827)
Total capital assets	15,568,284
Total assets	<u>82,415,046</u>
<u>Deferred outflows of resources:</u>	
Pension	<u>3,622,030</u>
<u>Liabilities:</u>	
Accounts payable	225,073
Contracts payable	674,348
Accrued wages	1,965,846
Matured compensated absences payable	4,937
Intergovernmental payable	827,306
Accrued interest payable	230,304
Claims payable	395,411
Long-term liabilities:	
Due within one year	2,021,442
Due in more than one year:	
Net pension liability	35,294,554
Other amounts due in more than one year	41,363,485
Total liabilities	<u>83,002,706</u>
<u>Deferred inflows of resources:</u>	
Property taxes	16,315,197
Pension	2,362,443
Total deferred inflows of resources	<u>18,677,640</u>
<u>Net position:</u>	
Net investment in capital assets	5,903,632
Restricted for:	
Capital projects	71,504
Debt service	4,299,804
Other purposes	104,600
Unrestricted	(26,022,810)
Total net position	<u>\$ (15,643,270)</u>

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2016**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenues and Changes in Net Position
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$ 12,611,741	\$ 1,492,090	\$ 634,824	\$ -	\$ (10,484,827)
Special	3,780,876	109,403	341,941	-	(3,329,532)
Vocational	317,602	-	28,170	-	(289,432)
Other	86,822	-	-	-	(86,822)
Support services:					
Pupils	1,516,876	39,930	7,762	-	(1,469,184)
Instructional staff	560,828	4,061	53,074	-	(503,693)
Board of education	28,299	-	-	-	(28,299)
Administration	2,231,805	-	94,955	-	(2,136,850)
Fiscal	676,856	-	-	-	(676,856)
Business	4,153	-	-	-	(4,153)
Operation and maintenance of plant	2,071,160	2,069	-	-	(2,069,091)
Pupil transportation	1,853,139	-	-	-	(1,853,139)
Central	340,549	-	-	-	(340,549)
Operation of non-instructional services:					
Food service operations	830,519	278,420	577,156	-	25,057
Community services	9,798	-	10,609	-	811
Extracurricular activities	815,511	179,515	1,180	38,856	(595,960)
Interest and fiscal charges	692,490	-	-	-	(692,490)
Total governmental activities	<u>\$ 28,429,024</u>	<u>\$ 2,105,488</u>	<u>\$ 1,749,671</u>	<u>\$ 38,856</u>	<u>(24,535,009)</u>

General Revenues:

Property taxes levied for:	
General purposes	17,061,957
Debt service	2,418,899
Capital outlay	355,208
Grants and entitlements not restricted to specific programs	5,696,491
Payment in lieu of taxes	438,916
Investment earnings	84,567
Miscellaneous	49,477
Total general revenues	<u>26,105,515</u>
Change in net position	1,570,506
Net position beginning of year	<u>(17,213,776)</u>
Net position end of year	<u>\$ (15,643,270)</u>

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 7,028,969	\$ 4,017,948	\$ 33,203,146	\$ 229,391	\$ 44,479,454
Cash and cash equivalents:					
In segregated accounts	1,214,876	-	-	-	1,214,876
Inventory held for resale	-	-	-	12,406	12,406
Accrued interest receivable	-	-	20,978	-	20,978
Receivables:					
Accounts	30,494	-	-	57	30,551
Intergovernmental	491,161	-	-	97,527	588,688
Interfund	124,735	-	-	-	124,735
Taxes	17,194,593	2,946,107	-	359,109	20,499,809
Total assets	<u>\$ 26,084,828</u>	<u>\$ 6,964,055</u>	<u>\$ 33,224,124</u>	<u>\$ 698,490</u>	<u>\$ 66,971,497</u>
<u>Liabilities, deferred inflows of resources and fund balances:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 137,862	\$ -	\$ 67,149	\$ 20,062	\$ 225,073
Contracts payable	-	-	674,348	-	674,348
Accrued wages	1,846,382	-	-	119,464	1,965,846
Matured compensated absences payable	4,937	-	-	-	4,937
Interfund payable	-	-	-	124,735	124,735
Intergovernmental payable	804,492	-	-	22,814	827,306
Claims payable	395,411	-	-	-	395,411
Total liabilities	<u>3,189,084</u>	<u>-</u>	<u>741,497</u>	<u>287,075</u>	<u>4,217,656</u>
<u>Deferred inflows of resources</u>					
Property taxes	13,657,239	2,372,420	-	285,538	16,315,197
Unavailable revenue	176,032	-	-	-	176,032
Unavailable revenue - delinquent property taxes	217,573	34,424	-	4,415	256,412
Total deferred inflows of resources	<u>14,050,844</u>	<u>2,406,844</u>	<u>-</u>	<u>289,953</u>	<u>16,747,641</u>
<u>Fund balances:</u>					
Nonspendable:					
Unclaimed money	7,656	-	-	-	7,656
Restricted	-	4,496,329	32,482,627	111,283	37,090,239
Committed to:					
Debt service	-	60,882	-	-	60,882
Capital improvements	-	-	-	85,244	85,244
Assigned to:					
Public school support	39,560	-	-	-	39,560
Rotary purposes	28,861	-	-	-	28,861
Various purchases on order	181,042	-	-	-	181,042
Next year's budget	1,434,554	-	-	-	1,434,554
Unassigned	7,153,227	-	-	(75,065)	7,078,162
Total fund balances	<u>8,844,900</u>	<u>4,557,211</u>	<u>32,482,627</u>	<u>121,462</u>	<u>46,006,200</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 26,084,828</u>	<u>\$ 6,964,055</u>	<u>\$ 33,224,124</u>	<u>\$ 698,490</u>	<u>\$ 66,971,497</u>

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2016**

<b>Total governmental fund balances</b>		\$ 46,006,200
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,568,284
Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:		
Property taxes	\$ 256,412	
Intergovernmental	54,080	
Tuition and fees	121,952	
Total	<u>432,444</u>	432,444
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	\$ 3,622,030	
Deferred inflows - pension	(2,362,443)	
Net pension liability	(35,294,554)	
Total	<u>(34,034,967)</u>	(34,034,967)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (38,505,000)	
Premium on bonds	(2,912,273)	
Lease purchase agreement	(263,330)	
Land purchase agreement	(350,000)	
Compensated absences	(1,045,777)	
Capital leases	(308,547)	
Accrued interest payable	(230,304)	
Total	<u>(43,615,231)</u>	(43,615,231)
Net position of governmental activities		<u>\$ (15,643,270)</u>

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2016**

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property taxes	\$ 17,161,163	\$ 2,407,536	\$ -	\$ 357,227	\$ 19,925,926
Intergovernmental	5,286,581	330,046	-	1,743,164	7,359,791
Interest	13,015	-	71,458	329	84,802
Tuition and fees	1,885,603	-	-	-	1,885,603
Extracurricular activities	137,975	-	-	92,303	230,278
Gifts and donations	33,298	-	-	2,050	35,348
Customer services	30	-	-	278,420	278,450
Rent	2,069	-	-	-	2,069
Payments in lieu of taxes	438,916	-	-	-	438,916
Miscellaneous	45,659	-	-	526	46,185
Total revenues	25,004,309	2,737,582	71,458	2,474,019	30,287,368
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	11,474,705	-	-	982,853	12,457,558
Special	3,471,013	-	-	338,013	3,809,026
Vocational	311,383	-	-	-	311,383
Other	88,084	-	-	-	88,084
Support services:					
Pupils	1,536,067	-	-	7,313	1,543,380
Instructional staff	503,537	-	-	26,786	530,323
Board of education	28,299	-	-	-	28,299
Administration	2,059,925	-	-	158,969	2,218,894
Fiscal	631,044	34,389	3,695	7,057	676,185
Business	-	-	-	3,484	3,484
Operation and maintenance of plant	1,863,904	-	38,417	142,732	2,045,053
Pupil transportation	1,652,918	-	-	53,158	1,706,076
Central	343,239	-	-	-	343,239
Operation of non-instructional services:					
Food service operations	-	-	-	803,840	803,840
Community services	927	-	-	8,871	9,798
Extracurricular activities	637,342	-	-	148,432	785,774
Capital outlay	63,218	-	1,396,719	153,030	1,612,967
Debt service:					
Principal retirement	25,757	1,245,000	-	180,596	1,451,353
Interest and fiscal charges	5,222	131,560	-	9,058	145,840
Issuance costs	-	376,769	-	-	376,769
Total expenditures	24,696,584	1,787,718	1,438,831	3,024,192	30,947,325
Excess of revenues over (under) expenditures	307,725	949,864	(1,367,373)	(550,173)	(659,957)
<u>Other financing sources (uses):</u>					
Premium on bonds issued	-	2,843,587	-	-	2,843,587
Lease purchase agreement	-	-	-	360,000	360,000
Proceeds from sale of capital assets	18,691	-	-	-	18,691
General obligation bonds issued	-	-	33,500,000	-	33,500,000
Land purchase agreement	-	-	350,000	-	350,000
Transfers in	-	-	-	98,825	98,825
Transfers out	(98,825)	-	-	-	(98,825)
Total other financing sources (uses)	(80,134)	2,843,587	33,850,000	458,825	37,072,278
Net change in fund balances	227,591	3,793,451	32,482,627	(91,348)	36,412,321
Fund balances at beginning of year	8,617,309	763,760	-	212,810	9,593,879
Fund balances at end of year	\$ 8,844,900	\$ 4,557,211	\$ 32,482,627	\$ 121,462	\$ 46,006,200

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2016**

**Net change in fund balances - total governmental funds** \$ 36,412,321

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

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

In the current period, these amounts are:

Capital asset additions	\$	1,612,967	
Capital contribution		38,856	
Depreciation expense		(699,312)	
Excess of capital outlay and contributions over depreciation expense			952,511

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (18,691)

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

Property taxes	\$	(89,862)	
Intergovernmental		54,080	
Tuition and fees		(290,912)	
Net change in deferred inflows of resources during the year			(326,694)

Contractually required pension contributions are reported as expenditures in the governmental funds; however, the statement of activities reports these amounts as deferred outflows. 2,110,361

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,740,567)

Repayment of principal on bonds, capital leases and purchase agreement is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,451,353

Some capital additions were financed through a land purchase agreement. In governmental funds, a land purchase agreement is considered a source of financing, but in the statement of net position, the land purchase agreement is reported as a liability. (350,000)

Other financing sources, such as a lease purchase agreement, in the governmental funds is considered a source of financing, but in the statement of net position, the lease purchase agreement is reported as a liability. (360,000)

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

Increase in compensated absences	\$	(46,620)	
Increase in accrued interest		(216,942)	
Amortization of premium		47,061	
Total additional expenditures			(216,501)

Change in net position of governmental activities \$ 1,570,506

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 16,820,100	\$ 16,924,770	\$ 16,924,770	\$ -
Intergovernmental	5,339,486	5,316,393	5,316,445	52
Interest	3,500	11,526	11,526	-
Tuition and fees	1,547,446	1,502,981	1,502,989	8
Rent	3,800	2,069	2,069	-
Gifts and donations	1,000	5,050	5,050	-
Customer services	400	30	30	-
Miscellaneous	390,920	485,523	485,573	50
Total revenues	24,106,652	24,248,342	24,248,452	110
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	11,707,026	11,455,039	11,455,039	-
Special	3,570,674	3,258,319	3,258,319	-
Vocational	355,424	328,078	328,078	-
Other	87,290	87,617	87,617	-
Support services:				
Pupils	1,686,121	1,519,291	1,519,291	-
Instructional staff	529,315	498,098	498,098	-
Board of education	30,817	28,328	28,328	-
Administration	2,104,095	2,085,984	2,085,984	-
Fiscal	634,192	632,583	632,583	-
Operation and maintenance of plant	1,964,005	1,977,278	1,977,278	-
Pupil transportation	1,717,479	1,711,819	1,711,819	-
Central	374,587	349,244	349,244	-
Extracurricular activities	227,956	563,035	563,035	-
Capital outlay	29,800	27,251	27,251	-
Total expenditures	25,018,781	24,521,964	24,521,964	-
Excess of revenues under expenditures	(912,129)	(273,622)	(273,512)	110
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	11,000	10,374	10,374	-
Advances in	420,000	412,231	412,231	-
Advances out	(420,000)	(423,835)	(423,835)	-
Transfers out	(140,000)	(117,325)	(117,325)	-
Total other financing sources (uses)	(129,000)	(118,555)	(118,555)	-
Net change in fund balance	(1,041,129)	(392,177)	(392,067)	110
Fund balance at beginning of year	6,625,181	6,625,181	6,625,181	-
Prior year encumbrances appropriated	428,108	428,108	428,108	-
Fund balance at end of year	\$ 6,012,160	\$ 6,661,112	\$ 6,661,222	\$ 110

See accompanying notes to the basic financial statements.



**Woodridge Local School District**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 44,600
Cash and cash equivalents in segregated accounts	<u>3,828</u>
Total assets	<u><u>48,428</u></u>
<u>Liabilities:</u>	
Undistributed monies	\$ 10,209
Due to students	<u>38,219</u>
Total liabilities	<u><u>48,428</u></u>

See accompanying notes to the basic financial statements.

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

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

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's five instructional/support facilities staffed by 135 non-certificated employees and 170 certificated teaching and support personnel, including 11 administrators that provide services to 1,984 students and other community members.

#### Reporting Entity

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

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

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. Based on the above criteria, the School District had no component units at June 30, 2016.

The School District is associated with the Metropolitan Regional Service Council (MRSC) also known as Northeast Ohio Network for Educational Technology (NEOnet), the Six District Educational Compact, and the Ohio Schools Council, which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 16.

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

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

### **A. Basis of Presentation - Fund Accounting**

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

#### Government-wide Financial Statements

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

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

#### Fund Financial Statements

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

### **B. Fund Accounting**

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

#### Governmental Fund Types:

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

Bond Retirement Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Building Fund: The building fund is used to account for the receipts and expenditures related to the construction and renovation of school buildings.

### Fiduciary Fund Types

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

### C. Measurement Focus and Basis of Accounting

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

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

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

### Revenue - 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 School District, available means expected to be received within sixty days of year-end.

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

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

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance year 2017 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12)

### Expenditures/Expenses

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. The entitlement value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants, Contributions and Interest" program revenue account.

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

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

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The amounts reported as the original budget revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2016. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

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

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to certificates of deposit, instruments of government sponsored mortgage-backed securities, commercial paper, overnight repurchase agreements and interest in STAR Ohio, the State Treasurer's Investment Pool. All investments of the School District had a maturity of two years or less. These investments are stated at cost, which approximates market value (fair value).

The School District's investment in the State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the School District. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

For the fiscal year 2016, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds; required by a grant agreement; or when approved by the Board of Education to be recorded in another fund. The Board of Education has passed a resolution to allow interest to also be recorded in other funds.

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

### **F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed. The School District did not have any prepaids at fiscal year end.

### **G. Interfund Balances**

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

### **H. Inventory**

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

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

### **I. Capital Assets**

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

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

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

**J. Net pension liability and pension expense**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

The current accounting standard requires School District's to report their proportionate share of the net pension liability using the earning approach to pension accounting instead of the funding approach as previously used. The funding approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. Under the new standards, the net pension liability equals the School District's proportionate share of each plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. The unfunded portion of this benefit of exchange is a liability of the School District. However, the School District is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the plan.

There is no repayment schedule for the net pension liability. The School District has no control over the changes in the pension benefits, contributions rate, and return on investments affecting the balance of the net pension liability. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

**K. Compensated Absences**

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



## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

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

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

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

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

### **M. Fund Balance**

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

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

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

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Assigned fund balance classifications are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

### N. Net Position

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

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

### O. Bond Premium

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

### P. Interfund Transactions

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

Q. Estimates

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

**NOTE 3 – FUND BALANCES**

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

<u>Fund Balances</u>	<u>Bond Retirement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Restricted</u>				
Special trust	\$ -	\$ -	\$ 4,855	\$ 4,855
Auxiliary services	-	-	40,889	40,889
Professional development	-	-	3,523	3,523
Data communication	-	-	7,292	7,292
Instructional programs	-	-	37,854	37,854
Drug awareness education	-	-	18	18
Special education	-	-	16,807	16,807
Capital improvements	-	32,482,627	45	32,482,672
Debt service	4,496,329	-	-	4,496,329
Total restricted	<u>\$ 4,496,329</u>	<u>\$ 32,482,627</u>	<u>\$ 111,283</u>	<u>\$ 37,090,239</u>

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

- 4. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).
- 5. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

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

Net Change in Fund Balance	
	<u>General</u>
GAAP basis	\$ 227,591
Revenue accruals	(518,698)
Advances in	412,231
Expenditure accruals	172,948
Advances out	(423,835)
Budgeted as part of special revenue funds:	
Revenues	(245,476)
Transfers from general fund	(18,500)
Expenditures	266,269
Encumbrances (Budget Basis) outstanding at year end	<u>(264,597)</u>
Budget basis	<u>\$ (392,067)</u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim 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 within five years from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 for a period not to exceed thirty days in 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and
8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

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

Deposits

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

As of June 30, the carrying amount of the School District's deposits was \$2,754,820. The School District's bank balance of \$2,771,486 was not exposed to custodial credit risk.

C. Investments

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Investment type	Fair Value	Percentage of Investments	Maturity	Rating
Federal Farm Credit Bank	\$ 2,008,724	4.67%	11/15/17	AA+ <sup>(1)</sup>
Federal Farm Credit Bank	3,003,462	6.99%	02/16/18	AA+ <sup>(1)</sup>
Federal Farm Credit Bank	<u>965,066</u>	2.24%	07/18/18	AA+ <sup>(1)</sup>
Total FFCB	<u>5,977,252</u>			
Federal Home Loan Bank	2,836,009	6.60%	10/26/17	AA+ <sup>(1)</sup>
Federal Home Loan Bank	<u>1,941,805</u>	4.52%	03/19/18	AA+ <sup>(1)</sup>
Total FHLB	<u>4,777,814</u>			
Federal Home Loan Mortgage Corporation	1,576,814	3.67%	04/09/18	AA+ <sup>(1)</sup>
Federal Home Loan Mortgage Corporation	2,076,002	4.83%	05/18/18	AA+ <sup>(1)</sup>
Federal Home Loan Mortgage Corporation	<u>1,650,810</u>	3.84%	06/29/18	AA+ <sup>(1)</sup>
Total FHLMC	<u>5,303,626</u>			
Commerical paper	2,098,987	4.88%	07/08/16	A-1+ <sup>(1)</sup>
Commerical paper	1,974,329	4.59%	01/23/17	A-1 <sup>(1)</sup>
Commerical paper	1,974,627	4.59%	01/23/17	A-1 <sup>(1)</sup>
Commerical paper	1,975,224	4.59%	01/23/17	A-1+ <sup>(1)</sup>
Commerical paper	1,976,568	4.60%	01/27/17	A-1+ <sup>(1)</sup>
Commerical paper	1,975,523	4.60%	02/06/17	A-1+ <sup>(1)</sup>
Commerical paper	<u>2,090,791</u>	4.86%	02/13/17	A-1+ <sup>(1)</sup>
Total commerical paper	<u>14,066,049</u>			
Repurchase agreements	5,105,000	11.88%	Daily	AA+ <sup>(1)</sup>
STAR Ohio	<u>6,217,010</u>	14.46%	48.6 <sup>(3)</sup>	AAAm <sup>(2)</sup>
	<u>\$ 41,446,751</u>			

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

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

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

Investment Type	Fair Value	Percentage of Investments	Maturity	
			< 1 year	< 2 years
Negotiable certificates of deposit	\$ 1,541,187	3.59%	\$ -	\$ 1,541,187

All of the School District's negotiable CD's were covered in full by FDIC insurance.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above tables identify the School District's recurring fair value measurement as of June 30, 2016. As previously discussed Star Ohio is reported at its net asset value. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2016 amounted to \$13,015, none of which was assigned from other School District funds.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$5,105,000 investment in a repurchase agreement is to be secured by the specific securities upon which the repurchase agreements are based. The securities, held by the counterparty and not in the School District's name, are Federal National Mortgage Association (FNMA) bonds. These securities, held by the counterparty must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

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

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAR Ohio an AAAM rating and the Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and FNMA bonds an AA+ rating. The commercial paper has an A-1 and an A-1+ rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District's investment in a single issuer. More than 5% of the School District's investments are in FFCB, FHLB, FHLMC and FNMA bonds. These investments are presented in the table above. The School District places no limit on the amount that may be invested in any one issuer.

**NOTE 6 - PROPERTY TAX**

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Property taxes include amounts levied against all real, public utility and tangible personal property (used for public utilities) located in the School District. Real property tax revenue received in calendar 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015 and are collected in 2015 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2016 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 deferred inflows of resources – property taxes. The amount available as an advance at year-end was \$3,319,781 in the general fund, \$539,263 in the bond retirement debt service fund and \$69,156 in the permanent improvement capital projects fund and is recognized as revenue on the fund financial statements.

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

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

<u>Property Category</u>	<u>2015 Assessed Value</u>	<u>2014 Assessed Value</u>
<u>Real Property</u>		
Residential and agricultural	\$ 327,363,840	\$ 325,747,580
Commercial, industrial and minerals	115,336,250	111,075,960
<u>Tangible Personal Property</u>		
Public utilities	<u>7,313,020</u>	<u>7,107,480</u>
Total	<u>\$ 450,013,110</u>	<u>\$ 443,931,020</u>



**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

**NOTE 7 - RECEIVABLES**

Receivables at year-end consisted of taxes, accounts (tuition and excess costs), interfund, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. The general fund intergovernmental receivable at year-end consisted of excess costs and other miscellaneous reimbursements of \$491,161. Also, several special revenue funds recorded intergovernmental receivables for state and federal grants and reimbursements totaling \$97,527.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
Capital assets, not being depreciated:				
Land	\$ 839,759	\$ 350,000	\$ -	\$ 1,189,759
Construction in progress	-	1,046,719	-	1,046,719
Total capital assets, not being depreciated	<u>839,759</u>	<u>1,396,719</u>	<u>-</u>	<u>2,236,478</u>
Capital assets, being depreciated:				
Land improvements	2,275,185	-	-	2,275,185
Buildings and improvements	21,937,272	48,856	-	21,986,128
Furniture, fixtures and equipment	3,058,280	62,693	(32,732)	3,088,241
Vehicles	1,796,376	143,555	(110,852)	1,829,079
Total capital assets, being depreciated	<u>29,067,113</u>	<u>255,104</u>	<u>(143,584)</u>	<u>29,178,633</u>
Less: Accumulated depreciation				
Land improvements	(1,551,180)	(35,317)	-	(1,586,497)
Buildings and improvements	(10,262,448)	(396,050)	-	(10,658,498)
Furniture, fixtures and equipment	(2,494,665)	(107,740)	14,041	(2,588,364)
Vehicles	(964,115)	(160,205)	110,852	(1,013,468)
Total accumulated depreciation	<u>(15,272,408)</u>	<u>(699,312)</u>	<u>124,893</u>	<u>(15,846,827)</u>
Total capital assets being depreciated, net	<u>13,794,705</u>	<u>(444,208)</u>	<u>(18,691)</u>	<u>13,331,806</u>
Governmental activities capital assets, net	<u>\$ 14,634,464</u>	<u>\$ 952,511</u>	<u>\$ (18,691)</u>	<u>\$ 15,568,284</u>

Depreciation expense was charged to governmental functions as follows:

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Instruction:		
Regular	\$	362,859
Special		15,652
Vocational		7,034
Support services:		
Instructional staff		35,766
Administration		24,773
Business		669
Operation and maintenance of plant		24,010
Pupil transportation		156,047
Food service operations		32,475
Extracurricular activities		40,027
Total depreciation	\$	<u>699,312</u>

**NOTE 9 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

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Interfund balances at June 30, 2016 consisted of the following:

Due to general fund from:		
Nonmajor governmental funds	\$	124,735

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2016, all interfund loans outstanding are anticipated to be repaid in fiscal year 2017.

Interfund transfers for the year ended June 30, 2016, consisted of the following:

Transfers from general fund to:		
Nonmajor governmental funds	\$	98,825

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

**NOTE 10 - ACCOUNTABILITY**

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As of June 30, 2016, several funds had deficit fund balances. These deficits were caused by the application of GAAP. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had a deficit balance:

	<u>Amount</u>
Nonmajor funds:	
Food service	\$ 53,308
Athletic and music	21,337
Title III	420

**NOTE 11 - RISK MANAGEMENT**

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

The School District provides life insurance and accidental death and dismemberment insurance to its employees. The School District has contracted with the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) to provide medical/surgical and dental insurance for its employees and their covered dependents. The OME-RESA is a risk servicing pool comprised of multiple entities. The School District pays monthly contributions that are placed in a fund from which eligible claims are paid for employees and their covered dependents. Claims are paid for all participants from their individual accounts and the School District's reserves are maintained in a separate bank account. The School District is retaining risk, however they maintain a specific stop loss policy of \$500,000 and an internal pool that covers individual claims between \$75,000 and \$499,000. The OME-RESA Board of Directors has authority to return monies to an exiting entity subsequent to the settlement of all claims and expenses.

The School District uses the general fund to record and report its participation in the joint self-insured health care program. The claims liability of \$395,411, reported in the fund at year end was estimated by the third party administrator and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in the claims liability during 2015 and 2016 were:

	<u>Year ended</u> <u>6/30/2016</u>	<u>Year ended</u> <u>6/30/2015</u>
Unpaid claims, beginning of fiscal year	\$ 387,863	\$ 283,531
Incurred claims (including IBNRs)	3,318,669	3,384,915
Claim payments	<u>(3,311,121)</u>	<u>(3,280,583)</u>
Unpaid claims, end of fiscal year	<u>\$ 395,411</u>	<u>\$ 387,863</u>

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

### **NOTE 12 - DEFINED BENEFIT PENSION PLANS**

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#### **Net Pension Liability**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual basis of accounting.

#### **A. School Employees Retirement System**

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

	Eligible to Retire on or before <u>August 1, 2017</u> *	Eligible to Retire on or after <u>August 1, 2017</u>
Full benefits	Age 65 with 5 years of service credit or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was \$536,707 for fiscal year 2016. Of this amount \$42,392 is reported as an intergovernmental payable.

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

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement increased effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, 11.5 percent of the 13 percent member rate goes to the DC Plan and 1.5 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Effective July 1, 2016 the statutory maximum employee contribution rate was increased to 14 percent. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,573,654 for fiscal year 2016. Of this amount \$231,097 is reported as an intergovernmental payable.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.118815%	0.1030777%	
Proportion of the net pension liability - current measurement date	<u>0.121612%</u>	<u>0.1025986%</u>	
Change in proportionate share	<u>0.002797%</u>	<u>-0.000479%</u>	
Proportionate share of the net pension liability	\$6,939,316	\$28,355,238	\$35,294,554
Pension expense	\$489,967	\$1,250,600	\$1,740,567

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 111,736	\$ 1,292,641	\$ 1,404,377
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	107,292	-	107,292
School District contributions subsequent to the measurement date	<u>536,707</u>	<u>1,573,654</u>	<u>2,110,361</u>
Total deferred outflows of resources	<u>\$ 755,735</u>	<u>\$ 2,866,295</u>	<u>\$ 3,622,030</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 229,923	\$ 2,039,278	\$ 2,269,201
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>-</u>	<u>93,242</u>	<u>93,242</u>
Total deferred inflows of resources	<u>\$ 229,923</u>	<u>\$ 2,132,520</u>	<u>\$ 2,362,443</u>

\$2,110,361 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Fiscal Year	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2017	\$ (49,218)	\$ (483,508)	\$ (532,726)
2018	(49,218)	(483,508)	(532,726)
2019	(49,749)	(483,511)	(533,260)
2020	<u>137,290</u>	<u>610,648</u>	<u>747,938</u>
Total	<u>\$ (10,895)</u>	<u>\$ (839,879)</u>	<u>\$ (850,774)</u>

**Actuarial Assumptions - SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage inflation	3.25 percent
Future salary increases, including inflation	4 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment rate of return	7.75 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.



**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return</u>
Cash	1.00 %	0.00 %
US stocks	22.50	5.00
Non-US stocks	22.50	5.50
Fixed income	19.00	1.50
Private equity	10.00	10.00
Real assets	10.00	5.00
Multi-asset strategies	<u>15.00</u>	7.50
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease <u>(6.75%)</u>	Current discount rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
School District's proportionate share of the net pension liability	\$ 9,622,337	\$6,939,316	\$4,679,991

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment rate of return	7.75 percent, net of investment expenses
Cost-of-living adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return</u>
Domestic equity	31.00 %	8.00 %
International equity	26.00	7.85
Alternatives	14.00	8.00
Fixed income	18.00	3.75
Real estate	10.00	6.75
Liquidity reserves	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease	Current discount rate	1% Increase
	<u>(6.75%)</u>	<u>(7.75%)</u>	<u>(8.75%)</u>
School District's proportionate share of the net pension liability	\$ 39,387,565	\$28,355,238	\$19,025,761

**C. Social Security System**

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

**NOTE 13 - POST-EMPLOYMENT BENEFITS**

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**A. School Employees Retirement System**

The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, there was no allocation of covered payroll allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2016, the School District's surcharge obligation was \$62,451.

The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$62,451, \$94,074, and \$64,139, respectively. For fiscal year 2016, 0 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2015 and 2014.

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

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

Funding Policy – Ohio Revised Code Chapter 3307 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$104,165 respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

## **NOTE 14 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS**

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

<b><u>General Long-term Obligations</u></b>	Restated Balance <u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30</u>	Due within <u>one year</u>
<b><u>General Obligation Bonds</u></b>					
2012 Refunding School Improvement	\$ 6,195,000	\$ -	\$ (1,190,000)	\$ 5,005,000	\$ 1,260,000
Premium on bonds	115,747	-	(47,061)	68,686	-
2006 Stadium Improvement	55,000	-	(55,000)	-	-
2016 School Facilities Improvement	-	33,500,000	-	33,500,000	335,000
Premium on bonds	-	2,843,587	-	2,843,587	-
Subtotal bonds	<u>6,365,747</u>	<u>36,343,587</u>	<u>(1,292,061)</u>	<u>41,417,273</u>	<u>1,595,000</u>
<b><u>Other Obligations</u></b>					
Compensated absences	999,157	174,838	(128,218)	1,045,777	184,667
Lease purchase agreement	-	360,000	(96,670)	263,330	83,252
Land purchase agreement	-	350,000	-	350,000	45,000
Capital leases:					
Copy machines	113,367	-	(25,757)	87,610	27,092
Buses	304,863	-	(83,926)	220,937	86,431
Subtotal capital leases	<u>418,230</u>	<u>-</u>	<u>(109,683)</u>	<u>308,547</u>	<u>113,523</u>
Subtotal other obligations	<u>1,417,387</u>	<u>884,838</u>	<u>(334,571)</u>	<u>1,967,654</u>	<u>426,442</u>
<b><u>Net pension liability</u></b>					
STRS	25,072,071	3,283,167	-	28,355,238	-
SERS	6,013,160	926,156	-	6,939,316	-
Subtotal net pension liability	<u>31,085,231</u>	<u>4,209,323</u>	<u>-</u>	<u>35,294,554</u>	<u>-</u>
Total general long-term obligations	<u>\$ 38,868,365</u>	<u>\$41,437,748</u>	<u>\$ (1,626,632)</u>	<u>\$ 78,679,481</u>	<u>\$ 2,021,442</u>

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

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

During fiscal year 2016, the School District issued \$33,500,000 in general obligation bonds with interest rates ranging from 1%-5%. The School Facilities Improvement bonds are direct obligations of the School District for which its full faith and credit are pledged for repayment. The bonds were issued for providing resources for constructing, renovating, remodeling, furnishing, equipping and otherwise improving school facilities and their sites. At fiscal year end the School District had \$32,411,168 in unspent proceeds.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

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

Purchase agreements: The lease purchase agreement will be paid from the permanent improvement fund. The land purchase agreement will be paid from the building fund.

The School District pays pension obligations related to employee compensation from the fund benefitting from their service.

Principal and interest requirements to amortize all bonds outstanding at June 30, 2016 are as follows:

Fiscal Year	2016 School Facilities Improvement			2012 School Improvement Refunding		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 335,000	\$ 1,399,097	\$ 1,734,097	\$ 1,260,000	\$ 99,800	\$ 1,359,800
2018	570,000	1,276,950	1,846,950	1,300,000	67,400	1,367,400
2019	575,000	1,271,225	1,846,225	1,330,000	40,600	1,370,600
2020	580,000	1,264,000	1,844,000	1,115,000	13,650	1,128,650
2021	590,000	1,255,225	1,845,225	-	-	-
2022-2026	3,105,000	6,125,125	9,230,125	-	-	-
2027-2031	3,520,000	5,661,825	9,181,825	-	-	-
2032-2036	4,280,000	4,888,100	9,168,100	-	-	-
2037-2041	5,205,000	3,936,775	9,141,775	-	-	-
2042-2046	6,520,000	2,566,000	9,086,000	-	-	-
2047-2051	8,220,000	856,725	9,076,725	-	-	-
Total	<u>\$ 33,500,000</u>	<u>\$ 30,501,047</u>	<u>\$ 64,001,047</u>	<u>\$ 5,005,000</u>	<u>\$ 221,450</u>	<u>\$ 5,226,450</u>

Fiscal Year	Lease purchase agreement			Land purchase agreement		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 83,252	\$ 14,062	\$ 97,314	\$ 45,000	\$ 7,691	\$ 52,691
2018	87,697	9,617	97,314	50,000	8,937	58,937
2019	92,381	4,933	97,314	50,000	7,472	57,472
2020	-	-	-	50,000	6,006	56,006
2021	-	-	-	50,000	4,541	54,541
2022-2023	-	-	-	105,000	4,688	109,688
	<u>\$ 263,330</u>	<u>\$ 28,612</u>	<u>\$ 291,942</u>	<u>\$ 350,000</u>	<u>\$ 39,335</u>	<u>\$ 389,335</u>

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

**NOTE 15 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

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

Capital assets acquired by lease have been capitalized as equipment in the amount of \$569,365 equal to the present value of the future minimum lease payments at the time of acquisition. Principal payments in the current fiscal year totaled \$109,683. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments at year-end.

Fiscal Year	Lease Payments
2017	\$ 123,319
2018	123,320
2019	75,091
2020	<u>4,135</u>
Total minimum lease payments	325,865
Less: amount representing interest	<u>(17,318)</u>
Total	<u>\$ 308,547</u>

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

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The Metropolitan Regional Service Council (MRSC) is the computer service organization or Information Technology Center (ITC) used by the School District. MRSC is also known as Northeast Ohio Network for Educational Technology (NEOnet), which is the name used exclusively prior to their reorganization from a consortium to a council of governments. The superintendent from each member entity is appointed to the legislative body of MRSC known as the assembly. The assembly elects a board of directors consisting of nine members. These members comprise the managerial body of the council and meet at least five times yearly. The operations of MRSC are under the control of the board of directors and the executive director. The purpose of the MRSC is to develop and employ a computer system efficiently and effectively for the needs of the member school districts. All members are required to pay fees, charges and assessments as charged. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. During fiscal year 2016, the School District contributed \$94,342 to MRSC. This contribution includes purchases of software and related items as well as payment for services. Financial information can be obtained by contacting the fiscal agent at 700 Graham Road Cuyahoga Falls, Ohio 44221.

The Ohio Schools Council (Council) is a jointly governed organization among 201 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in thirty-five northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to its members. Each member supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2016 the School District paid the Council \$1,380 for membership fees. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

The Six District Educational Compact is a jointly governed organization consisting of six participating school districts, to provide for the vocational and special education needs of their students. The six-member board consists of the superintendent from each of the participating school districts. Students may attend vocational or special education classes offered by any of the six school districts. If a student is accepted to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district which offers the class. The Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. All revenues are generated from charges for services. During fiscal year 2016, the School District contributed \$44,367 to the Compact. All financial inquiries should be addressed to the Treasurer of the Hudson City School District, 2386 Hudson-Aurora Road, Hudson, Ohio 44236.

**NOTE 17 - CONTINGENCIES**

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

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2016.

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional school districts must comply with minimum hours of instruction, instead of minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not yet finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District

**NOTE 18 - STATUTORY RESERVES**

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

Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, this amount may not be used to reduce the set aside requirement for future years. This negative balance is, therefore, not presented as being carried forward to future years.



**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

	Capital Maintenance <u>Reserve</u>
Set-aside cash balance as of June 30, 2015	\$ -
Current year set-aside requirement	342,291
Current year offset	<u>(1,190,000)</u>
Total	<u>\$ (847,709)</u>
Balance carried forward to future years	<u>\$ -</u>

**NOTE 19 – CONSTRUCTION COMMITMENTS**

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As of June 30, 2016, the School District has construction commitments for an elementary school, a roof project and a renovation project in the amount of \$1,027,744, \$418,469 and \$466,375.

**Woodridge Local School District**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**Last Three Fiscal Years (1)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>School Employees Retirement System (SERS) of Ohio</b>			
School District's proportion of the net pension liability	0.121612%	0.118815%	0.118815%
School District's proportionate share of the net pension liability	\$ 6,939,316	\$ 6,013,160	\$ 7,065,547
School District's covered employee payroll	\$ 3,624,363	\$ 3,446,825	\$ 3,123,685
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	191.46%	174.46%	226.19%
Plan fiduciary net position as a percentage of total pension liability	69.16%	71.70%	65.52%
	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>State Teachers Retirement System (STRS) of Ohio</b>			
School District's proportion of the net pension liability	0.10259855%	0.10307773%	0.10307773%
School District's proportionate share of the net pension liability	\$ 28,355,238	\$ 25,072,071	\$ 29,865,687
School District's covered employee payroll	\$ 10,890,064	\$ 10,590,746	\$ 9,959,154
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	260.38%	236.74%	299.88%
Plan fiduciary net position as a percentage of total pension liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available and the amounts presented are as of the School District's measurement date which is the prior fiscal year end.

**Woodridge Local School District**  
**Required Supplementary Information**  
**Schedule of School District Contributions**  
**Last Four Fiscal Years (1)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>School Employees Retirement System (SERS) of Ohio</b>				
Contractually required contribution	\$ 536,707	\$ 477,691	\$ 477,730	\$ 432,318
Contributions in relation to contractually required contribution	<u>(536,707)</u>	<u>(477,691)</u>	<u>(477,730)</u>	<u>(432,318)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered employee payroll	\$ 3,833,621	\$ 3,624,363	\$ 3,446,825	\$ 3,123,685
Contributions as a percentage of covered employee payroll	14.00%	13.18%	13.86%	13.84%

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>State Teachers Retirement System (STRS) of Ohio</b>				
Contractually required contribution	\$ 1,573,654	\$ 1,524,609	\$ 1,376,797	\$ 1,294,690
Contributions in relation to contractually required contribution	<u>(1,573,654)</u>	<u>(1,524,609)</u>	<u>(1,376,797)</u>	<u>(1,294,690)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered employee payroll	\$ 11,240,386	\$ 10,890,064	\$ 10,590,746	\$ 9,959,154
Contributions as a percentage of covered employee payroll	14.00%	14.00%	13.00%	13.00%

(1) Information prior to 2013 is not available.

***Woodridge Local School District***  
**Notes to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2016**

**School Employees Retirement System (SERS) of Ohio**

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014, 2015 and 2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014, 2015 and 2016. See the notes to the basic financials for the methods and assumptions in this calculation.

**State Teachers Retirement System (STRS) of Ohio**

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014, 2015 and 2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014, 2015 and 2016. See the notes to the basic financials for the methods and assumptions in this calculation.

**WOODRIDGE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	\$ 53,383
Cash Assistance:			
National School Breakfast Program	10.553	3L70	140,337
National School Lunch Program	10.555	3L60	374,863
Total Nutrition Cluster			568,583
<b>Total U.S. Department of Agriculture</b>			568,583
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
Special Education Cluster:			
IDEA Part B - FY15	84.027	3M20	50,029
IDEA Part B - FY16	84.027	3M20	330,428
Total Special Education Cluster			380,457
Title I, Part A Cluster:			
Title I Grants to Local Education Agencies - FY15	84.010	3M00	60,190
Title I Grants to Local Education Agencies - FY16	84.010	3M00	368,608
Total Title I, Part A Cluster			428,798
Title II - A Improving Teacher Quality - FY15			
Title II - A Improving Teacher Quality - FY16	84.367	3Y60	6,309
Total Improving Teacher Quality, Title II-A	84.367	3Y60	50,400
			56,709
English Language Acquisition Grants, Title III - FY15			
English Language Acquisition Grants, Title III - FY16	84.365	3Y70	1,243
Total Title III	84.365	3Y70	13,637
			14,880
<b>Total U.S. Department of Education</b>			880,844
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,449,427</b>

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

**WOODRIDGE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Woodridge Local School District (the District) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - 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 D – FOOD DONATION PROGRAM**

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

**NOTE E - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2015 to 2016:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Title I	84.010	\$22,888
IDEA-B	84.027	\$25,826

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Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodridge Local School District, Summit County, (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 27, 2016.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



***Charles E. Harris & Associates, Inc.***  
December 27, 2016



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Fax - (216) 436-2411

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

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

To the Board of Education:

***Report on Compliance for the Major Federal Program***

We have audited the Woodridge Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the District's major federal program.

***Management's Responsibility***

The District's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the Woodridge Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
December 27, 2016

**WOODRIDGE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2016**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title VI-B (Special Education) – CFDA # 84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

**WOODRIDGE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
JUNE 30, 2016**

The prior audit report, for the year ending June 30, 2015, reported no material citations or recommendations.



# Dave Yost • Auditor of State

WOODRIDGE LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
FEBRUARY 28, 2017