

***WOODRIDGE LOCAL SCHOOL DISTRICT***

**Audit Report**

**For the Year Ended June 30, 2004**

***CHARLES E. HARRIS & ASSOCIATES, INC.***  
Certified Public Accountants





**Auditor of State  
Betty Montgomery**

Board of Education  
Woodridge Local School District  
4411 Quick Rd.  
Peninsula, OH 44264

We have reviewed the Independent Auditor's Report of the Woodridge Local School District, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2003 through June 30, 2004. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

April 19, 2005

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**WOODRIDGE LOCAL SCHOOL DISTRICT**  
**Audit Report**  
**For the Year Ended June 30, 2004**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
<b>Table of Contents</b>	<b>i</b>
<b>Report of Independent Accountants</b>	<b>1</b>
<b>Management’s Discussion and Analysis</b>	<b>3</b>
<b>Statement of Net Assets</b>	<b>12</b>
<b>Statement of Activities</b>	<b>13</b>
<b>Balance Sheet – Governmental Funds</b>	<b>14</b>
<b>Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities</b>	<b>15</b>
<b>Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds</b>	<b>16</b>
<b>Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities</b>	<b>17</b>
<b>Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund</b>	<b>18</b>
<b>Statement of Fiduciary Net Assets -Agency Fund</b>	<b>19</b>
<b>Notes to the Basic Financial Statements</b>	<b>20</b>
<b>Schedule of Federal Awards Expenditures</b>	<b>41</b>
<b>Notes to the Schedule of Federal Awards Expenditures</b>	<b>42</b>
<b>Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	<b>43</b>
<b>Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i></b>	<b>45</b>
<b>Schedule of Findings and Questioned Costs</b>	<b>47</b>
<b>Status of Prior Year's Citations and Recommendations</b>	<b>49</b>

*Charles E. Harris & Associates, Inc.*  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

**Board of Education  
Woodridge Local School District  
Peninsula, Ohio**

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, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the 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, 2004, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 10, 2005 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Woodridge Local School District taken as a whole. The accompanying schedule of federal awards expenditures is presented for the purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information as been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*Charles E. Harris & Associates, Inc.*  
March 10, 2005

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004  
Unaudited

This discussion and analysis of Woodridge Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. 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. Since this is the second year of presenting this discussion and analysis under comparative analyses with prior year data is presented in this report.

### **Financial Highlights**

Key financial highlights for 2004 are as follows:

- General revenues accounted for \$16,422,020 in revenue or 88.8 percent of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions and interest, and capital grants and contributions accounted for \$2,064,743 or 11.2 percent of total revenues of \$18,486,763.
- The School District had \$19,343,650 in expenses related to governmental activities; program revenues offset only \$2,064,743 of these expenses. \$16,422,020 of general revenues was inadequate to provide for these programs resulting in a decrease in net assets of \$856,887.
- Total expenses amounted to \$19.3 million, and expenses related to instruction amounted to \$10.6 million or 54.6 percent of this total.
- At the end of the fiscal year, fund balance for the general fund was \$149,606 or less than 1 percent of the total general fund expenditures and the total fund balance decreased by \$898,173 or 85.7 percent from \$1,047,779.

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

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

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



## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004  
Unaudited

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

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

While these statements contain information about a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and helps answer the question, "How did we do financially during 2004?" These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

##### *Fund Financial Statements*

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

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2004  
 Unaudited

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for 2003 and 2004.

		<i>Table 1</i>	
		<i>Net Assets</i>	
		<u>Governmental Activities</u>	
		<u>2004</u>	<u>2003</u>
<b>Assets</b>			
<i>Current and other assets</i>	\$	17,265,345	\$ 16,874,294
<i>Capital assets, net of depreciation</i>		<u>14,583,539</u>	<u>14,852,527</u>
<i>Total assets</i>		<u><u>31,848,884</u></u>	<u><u>31,726,821</u></u>
<b>Liabilities</b>			
<i>Current and other liabilities</i>		16,004,548	15,192,395
<i>Long-term liabilities:</i>			
<i>Due within one year</i>		942,209	978,649
<i>Due in more than one year</i>		<u>15,917,681</u>	<u>15,714,444</u>
<i>Total liabilities</i>		<u><u>32,864,438</u></u>	<u><u>31,885,488</u></u>
<b>Net Assets</b>			
<i>Invested in capital assets, net of debt</i>		(1,591,313)	(1,867,504)
<i>Restricted</i>		921,823	1,094,730
<i>Unrestricted</i>		<u>(346,064)</u>	<u>614,107</u>
<i>Total net assets</i>	\$	<u><u>(1,015,554)</u></u>	\$ <u><u>(158,667)</u></u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2004, the School District's net assets decreased \$856,887 from June 30, 2003.

The decrease in net assets is largely reflected in the unrestricted net asset portion. This decrease is related to the general fund activity and is comparable to the decrease in the fund balance of the general fund. The decrease is related to a significant increase in general fund expenses/expenditures. These increases are not related to any specific program but an overall increase in various programs.

A portion of the School District's net assets, \$921,823, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$308,866 is restricted for debt service payments, \$383,367 is restricted for capital projects, and \$229,590 is restricted for other purposes. The remaining balance of net assets of (\$346,064) is unrestricted.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2004  
 Unaudited

Table 2 shows changes in net assets for fiscal year 2003 and 2004.

*Table 2  
 Change in Net Assets*

	<i>Governmental Activities</i>	
	<u>2004</u>	<u>2003</u>
<b>Revenues</b>		
<i>Program revenues:</i>		
<i>Charges for services</i>	\$ 979,679	\$ 689,279
<i>Operating grants, contributions and interest</i>	1,071,564	1,042,799
<i>Capital grants and contributions</i>	13,500	26,913
<i>General revenues:</i>		
<i>Property taxes</i>	13,307,022	14,945,240
<i>Grants and entitlements</i>	2,757,940	2,748,850
<i>Gain on sale of capital assets</i>	-	135,284
<i>Investment earnings</i>	38,554	56,268
<i>Miscellaneous</i>	318,504	172,293
<i>Total revenues</i>	<u>18,486,763</u>	<u>19,816,926</u>
<b>Program Expenses</b>		
<i>Instruction:</i>		
<i>Regular</i>	7,869,679	7,191,609
<i>Special</i>	2,050,488	1,958,791
<i>Vocational</i>	430,811	350,534
<i>Adult/continuing</i>	1,853	1,035
<i>Other</i>	208,637	154,068
<i>Support services:</i>		
<i>Pupils</i>	1,081,905	1,043,046
<i>Instructional staff</i>	647,283	664,387
<i>Board of education</i>	17,061	13,587
<i>Administration</i>	1,729,357	1,626,025
<i>Fiscal</i>	531,648	455,891
<i>Business</i>	30,749	27,903
<i>Operation and maintenance of plant</i>	1,378,526	1,415,038
<i>Pupil transportation</i>	1,169,546	1,079,043
<i>Central</i>	80,804	34,944
<i>Operation of non-instructional services:</i>		
<i>Food service operations</i>	589,619	589,920
<i>Community services</i>	2,209	305
<i>Extracurricular activities</i>	388,486	375,279
<i>Interest and fiscal charges</i>	1,134,989	890,455
<i>Total expenses</i>	<u>19,343,650</u>	<u>17,871,860</u>
<i>Increase (decrease) in net assets</i>	<u>\$ (856,887)</u>	<u>\$ 1,945,066</u>

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2004  
 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 \$13.3 million in 2004. General revenues from grants and entitlements, such as the school foundation program, generated over \$2.7 million. With the combination of taxes and intergovernmental funding 86.9 percent of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

Instruction and interest and fiscal charges comprise 54.6 percent and 5.8 percent, respectively, of governmental program expenses. Interest expense was attributable to outstanding bonds and various lease payments for equipment.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements for fiscal year 2003 and 2004.

Table 3  
 Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<b>Program Expenses</b>				
<i>Instruction:</i>				
Regular	\$ 7,869,679	\$ 7,191,609	\$ (7,001,697)	\$ (6,505,156)
Special	2,050,488	1,958,791	(1,813,325)	(1,788,836)
Vocational	430,811	350,534	(430,811)	(349,617)
Adult/continuing	1,853	1,035	(183)	-
Other	208,637	154,068	(208,637)	(154,068)
<i>Support services:</i>				
Pupils	1,081,905	1,043,046	(974,736)	(988,449)
Instructional staff	647,283	664,387	(591,404)	(625,915)
Board of education	17,061	13,587	33,280	(13,587)
Administration	1,729,357	1,626,025	(1,729,357)	(1,579,319)
Fiscal	531,648	455,891	(531,648)	(455,891)
Business	30,749	27,903	(30,749)	(27,903)
Operation and maintenance of plant	1,378,526	1,415,038	(1,378,526)	(1,413,581)
Pupil transportation	1,169,546	1,079,043	(1,138,698)	(1,052,130)
Central	80,804	34,944	(80,804)	(34,944)
<i>Operation of non-instructional services:</i>				
Food service operations	589,619	589,920	1,718	(16,479)
Community services	2,209	305	(2,209)	(305)
Extracurricular activities	388,486	375,279	(266,132)	(216,234)
Interest and fiscal charges	1,134,989	890,455	(1,134,989)	(890,455)
<b>Total expenses</b>	<u>\$ 19,343,650</u>	<u>\$ 17,871,860</u>	<u>\$ (17,278,907)</u>	<u>\$ (16,112,869)</u>

## ***WOODRIDGE LOCAL SCHOOL DISTRICT***

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004  
Unaudited

### **The School District's Funds**

The School District's major fund is accounted for using the modified accrual basis of accounting. The total revenues for governmental funds were \$18,570,900 and total expenditures were \$19,564,044. The excess of revenues over (under) expenditures for the year was significant in the general fund, with a decrease of (\$783,014). This decrease was due, in part, to an overall increase in expenditures for several different programs.

### ***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 2004, the School District amended its general fund budget, however this amendment was not significant. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue, excluding other financing sources, estimate was \$15,267,079, which was somewhat higher than the original budget estimate of \$14,826,888. Much of this \$440,191 difference was due to estimates for property taxes, the amounts of which are unknown during the original budgeting process. This estimate must be adjusted during the year as the taxes are finalized. Later in the fiscal year, when this amount is known, it is removed from the tax estimate and included in the estimate for intergovernmental revenue.

The original expenditures estimate, excluding other financing uses, of \$16,111,517 was revised during the fiscal year. The final estimate for expenditures and encumbrances, however, was only \$16,041,944, \$69,573 or .4 percent less than originally anticipated. In total this would be considered insignificant, with decreases from the original to final budget posted to several line items of the budget. The year closed out with only 1 percent of the final budget remaining for expenditures.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

At the end of fiscal year 2004, the School District had \$14,853,539 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal year 2004 balances compared to fiscal year 2003.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2004  
 Unaudited

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

	<i>Governmental Activities</i>	
	<u>2004</u>	<u>2003</u>
<i>Land</i>	\$ 102,500	\$ 102,500
<i>Land improvements</i>	-	4,169
<i>Buildings and improvements</i>	13,200,784	13,574,880
<i>Furniture, fixtures and equipment</i>	965,896	879,777
<i>Vehicles</i>	314,359	291,201
<i>Total capital assets</i>	<u>\$ 14,583,539</u>	<u>\$ 14,852,527</u>

The most notable change occurred in building and improvements. This decrease is the result depreciation expense. See Note 8 to the basic financial statements for detail on the School District's capital assets.

**Debt**

At June 30, 2004 the School District had \$16,054,863 in bonds outstanding (including bond accretion) with \$753,841 due within one year. This balance reflected a reduction of \$453,747 from the previous year's balance of \$16,508,610. Table 5 summarizes the debt and capital lease outstanding:

*Table 5  
 Outstanding Debt and Capital Lease, at Fiscal Year End*

	<i>Governmental Activities</i>	<i>Governmental Activities</i>
	<u>2004</u>	<u>2003</u>
<i>General obligation bonds</i>	\$ 15,984,643	\$ 16,417,115
<i>Energy conservation bonds</i>	70,220	91,495
<i>Capital leases</i>	119,989	211,421
<i>Total outstanding</i>	<u>\$ 16,174,852</u>	<u>\$ 16,720,031</u>

During fiscal year 2001, the School District issued \$8.2 million in bonds, the proceeds of which were used to refund bonds of the same amount but with a higher interest rate. See Notes 14 and 15 to the basic financial statements for the repayment schedules of the bonded debt and the capital leases.

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2004

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.

The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational funding system, one that was neither 'adequate' nor 'equitable'. Since 1997, the State has directed its additional financial support toward School Districts with little property tax wealth. In May 2001, the Ohio Supreme Court again, ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes, which are inherently not 'equitable' nor 'adequate'. The court directed the Governor and the legislature to address the fundamental issue creating the inequities. See Note 17 to the basic financial statements for more on this contingent matter.

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

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

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

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

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**Woodridge Local School District**  
**Statement of Net Assets**  
**June 30, 2004**

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 2,362,890
Inventory held for resale	34,459
Materials and supplies inventory	4,465
Receivables:	
Accounts	27,046
Intergovernmental	118,384
Taxes	14,676,523
Prepaid items	41,578
Capital assets:	
Land	102,500
Depreciable capital assets, net	14,481,039
Total capital assets	<u>14,583,539</u>
Total assets	<u>31,848,884</u>
<u>Liabilities:</u>	
Accounts payable	82,617
Accrued wages	1,204,001
Matured compensated absences payable	869
Intergovernmental payable	633,148
Accrued interest payable	69,856
Deferred revenue	14,014,057
Long-term liabilities:	
Due within one year	942,209
Due in more than one year	15,917,681
Total liabilities	<u>32,864,438</u>
<u>Net assets:</u>	
Invested in capital assets, net of related debt	(1,591,313)
Restricted for:	
Capital projects	383,367
Debt service	308,866
Other purposes	229,590
Unrestricted	<u>(346,064)</u>
Total net assets	<u>\$ (1,015,554)</u>

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2004**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenues and Changes in Net Assets
					Governmental Activities
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$ 7,869,679	\$ 478,463	\$ 389,519	\$ -	\$ (7,001,697)
Special	2,050,488	-	237,163	-	(1,813,325)
Vocational	430,811	-	-	-	(430,811)
Adult/continuing	1,853	-	1,670	-	(183)
Other	208,637	-	-	-	(208,637)
Support services:					
Pupils	1,081,905	31,994	75,175	-	(974,736)
Instructional staff	647,283	-	55,879	-	(591,404)
Board of education	17,061	-	50,341	-	33,280
Administration	1,729,357	-	-	-	(1,729,357)
Fiscal	531,648	-	-	-	(531,648)
Business	30,749	-	-	-	(30,749)
Operation and maintenance of plant	1,378,526	-	-	-	(1,378,526)
Pupil transportation	1,169,546	17,348	-	13,500	(1,138,698)
Central	80,804	-	-	-	(80,804)
Operation of non-instructional services:					
Food service operations	589,619	330,063	261,274	-	1,718
Community services	2,209	-	-	-	(2,209)
Extracurricular activities	388,486	121,811	543	-	(266,132)
Interest and fiscal charges	1,134,989	-	-	-	(1,134,989)
<b>Total governmental activities</b>	<b>\$ 19,343,650</b>	<b>\$ 979,679</b>	<b>\$ 1,071,564</b>	<b>\$ 13,500</b>	<b>(17,278,907)</b>

General Revenues:

Property taxes levied for:

General purposes	11,718,786
Debt service	1,245,187
Capital outlay	343,049
Grants and entitlements not restricted to specific programs	2,757,940
Investment earnings	38,554
Miscellaneous	318,504

Total general revenues 16,422,020

Change in net assets (856,887)

Net assets beginning of year - (See Note 3) (158,667)

Net assets end of year \$ (1,015,554)

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2004**

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 1,101,527	\$ 1,061,616	\$ 2,163,143
Inventory held for resale	-	34,459	34,459
Materials and supplies inventory	-	4,465	4,465
Receivables:			
Accounts	24,046	3,000	27,046
Intergovernmental	39,956	78,428	118,384
Interfund	78,521	-	78,521
Taxes	12,874,950	1,801,573	14,676,523
Prepaid items	41,578	-	41,578
Equity in pooled cash and cash equivalents (restricted)	199,747	-	199,747
Total assets	<u>\$ 14,360,325</u>	<u>\$ 2,983,541</u>	<u>\$ 17,343,866</u>
<u>Liabilities and fund balances:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 50,983	\$ 31,634	\$ 82,617
Accrued wages	1,086,073	117,928	1,204,001
Matured compensated absences payable	869	-	869
Interfund payable	-	78,521	78,521
Intergovernmental payable	458,522	1,165	459,687
Deferred revenue	12,614,272	1,809,034	14,423,306
Total liabilities	<u>14,210,719</u>	<u>2,038,282</u>	<u>16,249,001</u>
<u>Fund balances:</u>			
Reserved for encumbrances	284,168	195,062	479,230
Reserved for textbooks/instructional material	199,747	-	199,747
Unreserved,			
Undesignated, reported in:			
General fund	(334,309)	-	(334,309)
Special revenue funds	-	128,153	128,153
Debt service fund	-	346,785	346,785
Capital projects funds	-	275,259	275,259
Total fund balances	<u>149,606</u>	<u>945,259</u>	<u>1,094,865</u>
Total liabilities and fund balances	<u>\$ 14,360,325</u>	<u>\$ 2,983,541</u>	<u>\$ 17,343,866</u>

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2004**

<b>Total governmental fund balances</b>		\$ 1,094,865
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		14,583,539
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 357,024	
Intergovernmental Accounts	<u>52,225</u>	
Total		409,249
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and are therefore not reported in the funds.		(173,461)
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	\$ (16,054,863)	
Compensated absences	(685,038)	
Capital leases	(119,989)	
Accrued interest payable	<u>(69,856)</u>	
Total		<u>(16,929,746)</u>
Net assets of governmental activities		<u>\$ (1,015,554)</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, 2004**

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property taxes	\$ 11,642,504	\$ 1,587,041	\$ 13,229,545
Intergovernmental	2,584,945	1,307,531	3,892,476
Interest	34,486	5,363	39,849
Tuition and fees	523,489	65,087	588,576
Extracurricular activities	-	171,806	171,806
Gifts and donations	169,200	36,136	205,336
Customer services	-	330,063	330,063
Miscellaneous	74,435	38,814	113,249
Total revenues	<u>15,029,059</u>	<u>3,541,841</u>	<u>18,570,900</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	6,876,724	628,546	7,505,270
Special	1,792,558	238,193	2,030,751
Vocational	404,386	13,537	417,923
Adult/continuing	-	1,853	1,853
Other	208,361	-	208,361
Support services:			
Pupils	981,240	114,449	1,095,689
Instructional staff	540,629	68,442	609,071
Board of education	17,061	-	17,061
Administration	1,608,683	110,107	1,718,790
Fiscal	504,243	26,986	531,229
Business	-	30,749	30,749
Operation and maintenance of plant	1,247,837	108,854	1,356,691
Pupil transportation	1,008,904	68,953	1,077,857
Central	80,996	-	80,996
Operation of non-instructional services:			
Food service operations	-	554,352	554,352
Community services	-	2,209	2,209
Extracurricular activities	231,242	156,488	387,730
Capital outlay	213,897	72,678	286,575
Debt service:			
Principal retirement	85,363	707,187	792,550
Interest and fiscal charges	9,949	848,388	858,337
Total expenditures	<u>15,812,073</u>	<u>3,751,971</u>	<u>19,564,044</u>
Excess of revenues over (under) expenditures	<u>(783,014)</u>	<u>(210,130)</u>	<u>(993,144)</u>
<u>Other financing sources (uses):</u>			
Transfers in	-	124,140	124,140
Transfers out	(115,159)	(8,981)	(124,140)
Total other financing sources (uses)	<u>(115,159)</u>	<u>115,159</u>	<u>-</u>
Net change in fund balances	(898,173)	(94,971)	(993,144)
Fund balances at beginning of year	<u>1,047,779</u>	<u>1,040,230</u>	<u>2,088,009</u>
Fund balances at end of year	<u>\$ 149,606</u>	<u>\$ 945,259</u>	<u>\$ 1,094,865</u>

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2004**

<b>Net change in fund balances - total governmental funds</b>		\$ (993,144)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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:</p>		
Capital asset additions	\$ 286,575	
Depreciation expense	(544,137)	
Excess of capital outlay over depreciation expense		(257,562)
<p>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.</p>		
		(11,426)
<p>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:</p>		
Property taxes	\$ 77,473	
Intergovernmental	(50,846)	
Tuition and fees	(110,764)	
Net change in deferred revenues during the year		(84,137)
<p>Repayment of bonds and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		792,550
<p>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:</p>		
Increase in compensated absences	\$ (10,858)	
Increase in pension obligation	(15,658)	
Increase in accrued interest	(29,281)	
Bond accretion	(247,371)	
Total additional expenditures		(303,168)
Change in net assets of governmental activities		<u>\$ (856,887)</u>

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, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes	\$ 11,957,880	\$ 12,395,267	\$ 12,395,267	\$ -
Intergovernmental	2,319,812	2,316,543	2,547,696	231,153
Interest	37,754	37,754	34,741	(3,013)
Tuition and fees	404,742	405,303	516,879	111,576
Gifts and donations	58,000	58,000	169,200	111,200
Miscellaneous	48,700	54,212	80,099	25,887
Total revenues	14,826,888	15,267,079	15,743,882	476,803
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,176,116	7,176,116	7,025,695	150,421
Special	1,827,544	1,804,608	1,804,605	3
Vocational	396,325	396,325	396,325	-
Other	205,042	205,042	205,042	-
Support services:				
Pupils	987,564	1,002,946	1,002,945	1
Instructional staff	549,904	549,904	549,901	3
Board of education	15,057	13,635	13,634	1
Administration	1,519,089	1,622,166	1,622,164	2
Fiscal	462,335	512,751	512,752	(1)
Operation and maintenance of plant	1,470,416	1,315,361	1,315,362	(1)
Pupil transportation	1,060,274	1,124,373	1,107,872	16,501
Central	159,332	86,401	86,401	-
Extracurricular activities	282,519	232,316	232,315	1
Total expenditures	16,111,517	16,041,944	15,875,013	166,931
Excess of revenues over (under) expenditures	(1,284,629)	(774,865)	(131,131)	643,734
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	4,646	4,646	4,646	-
Refund of prior year receipts	(177,000)	(178,549)	(178,549)	-
Advances in	81,492	81,492	141,492	60,000
Advances out	(15,000)	(78,521)	(78,521)	-
Transfers out	(110,000)	(115,159)	(115,159)	-
Total other financing sources (uses)	(215,862)	(286,091)	(226,091)	60,000
Net change in fund balance	(1,500,491)	(1,060,956)	(357,222)	703,734
Fund balance at beginning of year	1,047,850	1,047,850	1,047,850	-
Prior year encumbrances appropriated	284,599	284,599	284,599	-
Fund balance at end of year	\$ (168,042)	\$ 271,493	\$ 975,227	\$ 703,734

See accompanying notes to the basic financial statements.

**Woodridge Local School District**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2004**

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 27,071
<u>Liabilities:</u>	
Accounts payable	\$ 3,504
Due to students	23,567
Total liabilities	<u>\$ 27,071</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, 2004

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

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

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's five instructional/support facilities staffed by 104 non-certificated employees and 152 certificated teaching and support personnel, including 10 administrators that provide services to 1,759 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, 2004

The School District is associated with the Northeast Ohio Network for Educational Technology, which is defined as a jointly governed organization. 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**

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. The School District also applies Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. 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, 2004

### A. Basis of Presentation - Fund Accounting

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

#### Government-wide Financial Statements

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

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

#### Fund Financial Statements

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

### B. Fund Accounting

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

#### Governmental Fund Types:

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

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

### Fiduciary Fund Types

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

### C. Measurement Focus and Basis of Accounting

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

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

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

### Revenue - Exchange and Non-exchange Transactions

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

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

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

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

### Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

### Expenditures/Expenses

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

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

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

### D. Budgets and Budgetary Accounting

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

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 2004. The amounts reported as the original budgeted expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditure amounts represent the final appropriation amounts passed by the Board during the year.

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

**E. Cash and Investments**

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

The School District invested funds in STAR Ohio during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004.

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.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, 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.

G. Interfund Balances

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

H. Inventory

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

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

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, and laws of other governments or by enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. Restricted assets may also include amounts set aside as a reserve for budget stabilization, which is now optional as determined by the School District. The School District did not spend all restricted assets in accordance with specific restrictions during the fiscal year. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

J. Capital Assets

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

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

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>
<i>Land improvements</i>	<i>5 - 20 years</i>
<i>Buildings and improvements</i>	<i>20 - 50 years</i>
<i>Furniture, fixtures and equipment</i>	<i>3 - 20 years</i>
<i>Vehicles</i>	<i>10 - 20 years</i>

**K. Compensated Absences**

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

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

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

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and contractually required pension contributions 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. Net Assets**

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

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

**N. Interfund Transactions**

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

**O. 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.

**P. Fund Balance Reserves**

The School District records reservations for portions of fund balances, which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balance indicates the portion of fund balances that are available for appropriation in future periods. Fund balance reserves are established for encumbrances, the purchase of textbooks and instructional materials.

**NOTE 3 - RESTATEMENT OF NET ASSETS**

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After the end of fiscal year 2003, it was discovered that the School District did not properly account for the accretion of discounted interest on capital appreciation bonds that were included in the School Improvement Bonds issued in 2001. As a result, it was necessary to restate beginning balances for the current year in the amount of \$327,274, which is reflected in “long-term liabilities due in more than one year” as well as “net assets invested in capital assets, net of related debt” on the Statement of Net Assets. This amount represents the total accretion of discounted interest that should have been recorded through June 30, 2003.

**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).



**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance (GAAP basis).

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>
<i>GAAP Basis</i>	\$ (898,173)
<i>Revenue Accruals</i>	860,961
<i>Expenditure Accruals</i>	4,446
<i>Encumbrances (Budget Basis)</i>	
<i>Outstanding at year end</i>	<u>(324,456)</u>
<i>Budget Basis</i>	<u><u>\$ (357,222)</u></u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments 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: The carrying value of the School District's deposits and petty cash totaled \$(62,348), and the bank balances of the deposits totaled \$1,195. The School District maintains a "zero balance" account for their checking account. Money is credited to their checking account from a repurchase account that is linked to the account as checks are presented. The School District had \$100 in petty cash at June 30, 2004. All of the bank balance was covered by federal depository insurance.

Investments: GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of credit risk. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during the fiscal year 2004 amounted to \$34,486, which included \$5,363 assigned from other School District funds.

	<u>Category 3</u>	<u>Fair Value</u>
<u>Categorized Investments</u>		
<i>Repurchase Agreements</i>	\$ <u>95,000</u>	\$ 95,000
<u>Noncategorized Investments</u>		
<i>State Treasurer's Pool</i>		<u>2,357,309</u>
<i>Total Investments</i>		<u>\$ 2,452,309</u>

The School District's investment in Star Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

**NOTE 6 - PROPERTY TAX**

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Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25% of true value for capital assets and 23% of true value for inventory.

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 alternative payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property and public utility taxes, which became measurable as of year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end is intended to finance current year operations and therefore a reservation of fund balance is not reported. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at year-end was \$260,678 in the general fund, \$28,510 in the bond retirement debt service fund and \$7,666 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.

There were no new levies passed during the current fiscal year. The assessed values upon which the current fiscal year taxes were collected are:

<u>Property Category</u>	<u>2003</u> <u>Assessed Value</u>	<u>2002</u> <u>Assessed Value</u>
<u>Real Property</u>		
<i>Residential and agricultural</i>	\$ 318,464,440	\$ 313,499,400
<i>Commercial, industrial and minerals</i>	87,074,780	86,450,070
<i>Public utilities</i>	3,370	3,080
<u>Tangible Personal Property</u>		
<i>General</i>	49,987,580	51,601,944
<i>Public utilities</i>	10,663,050	11,411,560
<i>Total</i>	<u>\$ 466,193,220</u>	<u>\$ 462,966,054</u>

**NOTE 7 - RECEIVABLES**

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Receivables at year-end consisted of taxes, accounts (tuition and excess costs), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. The general fund accounts receivable at year-end consisted of tuition, excess costs and other miscellaneous reimbursements of \$24,046. Also, the general fund and several special revenue funds recorded intergovernmental receivables for state and federal grants and reimbursements totaling \$118,384.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2004

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2004 was as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2004</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 102,500	\$ -	\$ -	\$ 102,500
<i>Capital assets, being depreciated:</i>				
Land improvements	1,272,757	-	-	1,272,757
Buildings and improvements	19,038,210	-	-	19,038,210
Furniture, fixtures and equipment	2,253,901	188,623	(74,071)	2,368,453
Vehicles	<u>1,354,032</u>	<u>97,952</u>	<u>(188,099)</u>	<u>1,263,885</u>
Total capital assets, being depreciated	<u>23,918,900</u>	<u>286,575</u>	<u>(262,170)</u>	<u>23,943,305</u>
<i>Less: Accumulated depreciation</i>				
Land improvements	(1,268,588)	(4,169)	-	(1,272,757)
Buildings and improvements	(5,463,330)	(374,096)	-	(5,837,426)
Furniture, fixtures and equipment	(1,374,124)	(97,798)	69,365	(1,402,557)
Vehicles	<u>(1,062,831)</u>	<u>(68,074)</u>	<u>181,379</u>	<u>(949,526)</u>
Total accumulated depreciation	<u>(9,168,873)</u>	<u>(544,137)</u>	<u>250,744</u>	<u>(9,462,266)</u>
Total capital assets being depreciated, net	<u>14,750,027</u>	<u>(257,562)</u>	<u>(11,426)</u>	<u>14,481,039</u>
Governmental activities capital assets, net	<u>\$ 14,852,527</u>	<u>\$ (257,562)</u>	<u>\$ (11,426)</u>	<u>\$ 14,583,539</u>

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$ 344,536
Special	15,838
Vocational	6,307
<i>Support services:</i>	
Instructional staff	36,911
Administration	23,693
Operation and maintenance of plant	10,995
Pupil transportation	69,005
Food service operations	36,096
Extracurricular activities	<u>756</u>
	<u>\$ 544,137</u>

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

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

Interfund balances at June 30, 2004 consisted of the following:

*Due to general fund from:*  
*Nonmajor governmental funds* \$ 78,521

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, 2004, all interfund loans outstanding are anticipated to be repaid in fiscal year 2005.

Interfund transfers for the year ended June 30, 2004, consisted of the following:

*Transfers from general fund to:*  
*Nonmajor governmental funds* \$ 115,159

*Transfers from nonmajor governmental funds to:*  
*Other nonmajor governmental funds* 8,981

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.

**NOTE 10 - ACCOUNTABILITY**

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As of June 30, 2004, six special revenue 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 deficit balances:

<i>Fund</i>	<i>Amount</i>
<i>Food Service</i>	\$ 41
<i>Disadvantaged Pupil Impact Aid</i>	16,697
<i>Student Intervention</i>	12,893
<i>Title VI-B</i>	10,148
<i>Title I</i>	9,219
<i>Title VI</i>	1,838

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

**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 shared risk pool comprised of multiple entities. The School District pays monthly contributions that are placed in a fund from which eligible claims are paid for employees and their covered dependents. Claims are paid for all participants regardless of claims flow. The School District has a specific stop loss policy of \$50,000. In the event of termination, all participating entities' claims would be paid without regard to their individual account balances. The OME-RESA Board of Directors has authority to return monies to an exiting entity subsequent to the settlement of all claims and expenses.

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

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

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A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, annual cost-of-living adjustments, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. For the fiscal year 2003, 8.17% was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board.

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$248,297, \$213,979, and \$140,673, respectively; 38% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$154,009, representing the unpaid contribution for fiscal year 2004, is recorded as an intergovernmental payable.

## **WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

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

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, disability, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers - Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227 - 4090, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor.

The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

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

For the fiscal year ended June 30, 2004 plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2003, 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,587,529, \$1,010,424, and \$639,282, respectively; 83% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$274,683, representing the unpaid contribution for fiscal year 2004, is recorded as an intergovernmental payable. Contributions to the DC and Combined plans for fiscal year 2004 were \$9,947 made by the School District and \$10,245 made by the plan members.



**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

**NOTE 13 - POST-EMPLOYMENT BENEFITS**

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Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by the STRS based on authority granted by State statute. Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Health care benefits are financed on a pay-as-you-go basis.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The retirement board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District this amount equaled \$122,118 during the 2004 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$3.1 billion at June 30, 2004. For the year ended June 30, 2004, the net health care costs paid by the STRS were \$268,739,000 and eligible benefit recipients totaled 111,853.

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced 50% for those who apply. For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll.

In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. The surcharge, added to the unallocated portion of the 14% contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$180,108, which includes a surcharge of \$45,989 during the 2004 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2004, were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, the SERS's net assets available for payment of health care benefits were \$300.8 million, at cost. The number of participants receiving health care benefits was approximately 62,000.

**WOODRIDGE LOCAL SCHOOL DISTRICT**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004**NOTE 14 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS**

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

<u>General Long-term Obligations</u>	<u>Balance</u> <u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30</u>	<u>Due within</u> <u>one year</u>
<u>General Obligation Bonds</u>					
Energy Conservation	\$ 91,495	\$ -	\$ (21,275)	\$ 70,220	\$ 22,307
1996 Administration Building	149,845	-	(34,843)	115,002	36,534
1994 School Improvement	8,045,000	-	(500,000)	7,545,000	545,000
<u>2001 School Improvement Refunding</u>					
Serial bonds	7,025,000	-	(145,000)	6,880,000	150,000
Capital Appreciation Bonds	869,996	-	-	869,996	-
Accretion on Bonds	327,274	247,371	-	574,645	-
Subtotal bonds	<u>16,508,610</u>	<u>247,371</u>	<u>(701,118)</u>	<u>16,054,863</u>	<u>753,841</u>
<u>Other Obligations</u>					
Compensated absences	674,180	107,874	(97,016)	685,038	117,535
Capital leases	211,421	-	(91,432)	119,989	70,833
Subtotal other obligations	<u>885,601</u>	<u>107,874</u>	<u>(188,448)</u>	<u>805,027</u>	<u>188,368</u>
Total general long-term obligations	<u>\$ 17,394,211</u>	<u>\$ 355,245</u>	<u>\$ (889,566)</u>	<u>\$ 16,859,890</u>	<u>\$ 942,209</u>

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

On September 17, 2001, the District issued \$8.2 million in general obligation bonds with an average interest rate of 3.9 percent to advance refund \$8.21 million of outstanding School Improvement Bonds with an average interest rate of 5.9 percent. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the portion of the bonds refunded. As a result, the bonds (portion refunded) are considered to be defeased and the liability is not reported by the School District. These bonds include serial and capital appreciation bonds. Current year additions amounted to \$247,371 which represents the accretion of discounted interest. The final amount of the 2001 capital appreciation bonds will be \$3,220,307.

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 fund and permanent improvement capital projects fund.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

Principal and interest requirements to amortize all bonds outstanding at June 30, 2004 are as follows:

<i>Fiscal Year</i>	<u>1996 Administration Building</u>				<u>Energy Conservation</u>			
	<i>Interest Rate</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Interest Rate</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2005	4.85%	\$ 36,534	\$ 5,577	\$ 42,111	4.85%	\$ 22,307	\$ 3,406	\$ 25,713
2006	4.85%	38,305	3,806	42,111	4.85%	23,389	2,324	25,713
2007	4.85%	40,163	1,948	42,111	4.85%	24,524	1,189	25,713
<i>Total</i>		<u>\$ 115,002</u>	<u>\$ 11,331</u>	<u>\$ 126,333</u>		<u>\$ 70,220</u>	<u>\$ 6,919</u>	<u>\$ 77,139</u>

<i>Fiscal Year</i>	<u>1994 School Improvement</u>				
	<i>Interest Rate</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
2005	5.45%	\$ 545,000	\$ 490,851	\$ 1,035,851	
2006	5.55%	-	476,000	476,000	<i>Original bonds maturing in fiscal years 2006-2008 and after 2015 were refunded.</i>
2007	5.65%	-	476,000	476,000	
2008	5.75%	-	476,000	476,000	
2009		825,000	447,950	1,272,950	
2010-2014	6.80%	4,990,000	1,289,880	6,279,880	
2015	6.80-6.00%	1,185,000	40,290	1,225,290	
<i>Total</i>		<u>\$ 7,545,000</u>	<u>\$ 3,696,971</u>	<u>\$ 11,241,971</u>	

<i>Fiscal Year</i>	<u>Interest</u>				
	<i>Rate</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
2005	3.00%	\$ 150,000	\$ 312,353	\$ 462,353	
2006	3.55%	338,506	716,597	1,055,103	<i>Bonds maturing in fiscal years 2006-2008 are capital appreciation bonds with and approximate yield shown here as an interest rate.</i>
2007	3.75%	288,068	787,034	1,075,102	
2008	3.95%	243,422	846,680	1,090,102	
2009	3.80%	40,000	309,342	349,342	
2010-2014	3.95-4.40%	240,000	1,519,060	1,759,060	
2105-2019	4.50-4.60%	5,230,000	1,026,134	6,256,134	
2020	4.80%	1,220,000	29,280	1,249,280	
<i>Total</i>		<u>\$ 7,749,996</u>	<u>\$ 5,546,480</u>	<u>\$ 13,296,476</u>	

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

During the previous fiscal year, the School District entered into three new capital lease agreements for the acquisition of copiers and other equipment. The terms of each agreement provide options to purchase the equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers all benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

Capital assets acquired by lease have been capitalized as equipment in the amount of \$232,394 equal to the present value of the future minimum lease payments at the time of acquisition. Principal payments in the current fiscal year totaled \$91,432.

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.

<i>Fiscal Year</i>	<i>Lease Payments</i>
2005	76,902
2006	33,310
2007	15,053
2008	<u>5,017</u>
<i>Total minimum lease payments</i>	130,282
<i>Less: amount representing interest</i>	<u>(10,293)</u>
<i>Total</i>	<u>\$ 119,989</u>

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

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Northeast Ohio Network for Educational Technology (NEONET) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEONET is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All Districts in the consortium are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating districts governs NEONET. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEONET are made from the general fund. During fiscal year 2004, the School District contributed \$20,749 to NEONET.

**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, 2004.

**WOODRIDGE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2004

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "... the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**NOTE 18 - STATUTORY RESERVES**

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The School District is required by State statute to annually set-aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had offsets and/or qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks and/or instructional materials. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the other set-asides. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

During the fiscal year ended June 30, 2004, the reserve activity was as follows:

	<i>Textbook Reserve</i>	<i>Capital Maintenance Reserve</i>	<i>Total</i>
<i>Set-aside cash balance as of</i>			
<i>June 30, 2003</i>	\$ 101,672	\$ -	\$ 101,672
<i>Current year set-aside requirement</i>	259,272	259,272	518,544
<i>Current year offset</i>	-	-	-
<i>Qualifying disbursements</i>	<u>(161,197)</u>	<u>(337,062)</u>	<u>(498,259)</u>
<i>Total</i>	<u>\$ 199,747</u>	<u>\$ (77,790)</u>	<u>\$ 121,957</u>
<i>Balance carried forward to future years</i>	<u>\$ 199,747</u>		<u>\$ 199,747</u>

**WOODRIDGE LOCAL SCHOOL DISTRICT**  
Schedule of Federal Awards Expenditures  
For the Year Ended June 30, 2004

Federal Grantor/Program Title	Pass Through Entity Number	CFDA Number	Receipts Recognized	Program Expenditures
<u><i>U.S. Department of Agriculture</i></u>				
Passed Through the Ohio Department of Education				
Nutrition Cluster:				
Food Distribution - Commodities - See Note 2	N/A	10.550	\$ 48,239	\$ 48,239
National School Lunch Program	04-PU-04	10.555	154,597	154,597
Breakfast Program	05-PU-04	10.553	47,052	47,052
Total Nutrition Cluster			249,888	249,888
Total U.S. Department of Agriculture			249,888	249,888
<u><i>U.S. Department of Education</i></u>				
Pass through Ohio Department of Education				
Title I - Financial Assistance to Meet Special Education Needs of Disadvantaged Children				
Title I - FY 01	C1-S1-02	84.010	-	7,798
Title I - FY 02	C1-S1-03	84.010	40,344	89,343
Title I - FY 03	C1-S1-04	84.010	320,509	293,103
Total Title I			360,853	390,244
Title VI - B, Special Education - Assistance to States for Education of Handicapped Children				
Title VI - B - FY 02	6B-SF-03P	84.027	11,899	30,686
Title VI - B - FY 03	6B-SF-04P	84.027	203,369	197,994
Total Title VI - B			215,268	228,680
Drug - Free School Grant				
Drug - Free School Grant - FY01	DR-S1-02	84.186	-	4,913
Drug - Free School Grant - FY02	DR-S1-03	84.186	3,390	8,760
Drug - Free School Grant - FY03	DR-S1-04	84.186	6,699	15,863
Total Drug - Free School Grant			10,089	29,536
Education of Economic Security Act - Eisenhower Grant				
Eisenhower Grant - FY02	MS-S1-02	84.164	-	3,992
Eisenhower Grant - FY03	MS-S1-03	84.164	3,082	7,865
Total Eisenhower Grant			3,082	11,857
Innovative Education Program Strategies				
Innovative Education Program Strategies - FY01	C2-S1-01	84.298	-	673
Innovative Education Program Strategies - FY02	C2-S1-02	84.298	1,925	9,431
Innovative Education Program Strategies - FY03	C2-S1-03	84.298	10,021	14,678
Total Innovative Education Program Strategies			11,946	24,782
Reducing Class Size				
Reducing Class Size - FY03	CR-S1-03	84.340	6,717	22,311
Reducing Class Size - FY04	CR-S1-04	84.340	8,729	7,285
Total Reducing Class Size			15,446	29,596
Technology Literacy Challenge Grant				
Virtual Learning Review Project	TF-CF-03	84.318	-	794
Virtual Learning Review Project	TF-CF-04	84.318	-	72
Total Technology Literacy Challenge Grant			-	866
Title III Immigrant				
Title III Immigrant	N/A	84.365	5,908	5,908
Title III Immigrant	N/A	84.365	4,698	4,698
Title III Immigrant	N/A	84.365	10,218	10,218
Total Title III Immigrant			20,824	20,824
Title II-A				
Title II-A	N/A	84.365	59,427	55,363
Total Title II-A			59,427	55,363
Entry Year Implementation				
Entry Year Implementation - FY02	G2-S4-02	84.276	-	681
Total Entry Year Implementation			-	681
Total U.S. Department of Education			696,935	792,429
<u><i>U.S. Department of Health and Human Services</i></u>				
Pass Through Ohio Department of Mental Retardation and Developmental Disabilities				
Medicaid Title XIX	N/A	93.778	21,887	21,887
Total Medicaid Title XIX			21,887	21,887
Total U.S. Department of Health and Human Services			21,887	21,887
Total Federal Expenditures			\$ 968,710	\$ 1,064,204

See accompanying Notes to the Schedule of Federal Awards Expenditures

*Woodridge Local School District*  
**Notes to the Schedule of Federal Awards Expenditures**  
**For the Year Ended June 30, 2004**

**1. Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than the obligation is incurred.

**2. Food Distribution**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had food commodities in inventory recorded in the Enterprise Fund.

**3. Matching Requirements**

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds is not included on this schedule.

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Board of Education  
Woodridge Local School District  
Peninsula, Ohio**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodridge Local School District, (the District) as of and for the year ended June 30, 2004, and have issued our report thereon dated March 10, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated March 10, 2005.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated March 10, 2005.

This report is intended for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Charles E. Harris & Associates, Inc.*  
March 10, 2005

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education  
Woodridge Local School District  
Peninsula, Ohio

**Compliance**

We have audited the compliance of the Woodridge Local School District with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

**Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.**

**This report is intended for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.**

***Charles E. Harris & Associates, Inc.***  
**March 10, 2005**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505**

**WOODRIDGE LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY  
June 30, 2004**

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

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Title I 84.010
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)**  
**OMB CIRCULAR A-133 SECTION .505**

**WOODRIDGE LOCAL SCHOOL DISTRICT**  
**SUMMIT COUNTY**  
**June 30, 2004**

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

None.

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

None.

**STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS**

**The prior audit report, as of June 30, 2003, did not include material citations or recommendations.**



**Auditor of State  
Betty Montgomery**

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**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  
MAY 5, 2005**