

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2007***

ANNE ARNOLD, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Woodmore Local School District
115 Water Street
Woodville, Ohio 43469

We have reviewed the *Independent Auditor's Report* of the Woodmore Local School District, Sandusky County, prepared by Julian & Grube, Inc., for the audit period July 1, 2006 through June 30, 2007. 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 Woodmore Local School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 31, 2008

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**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Board of Education
Woodmore Local School District
708 W. Main Street
Woodville, OH 43469-0108

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodmore Local School District, Sandusky County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Woodmore Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Woodmore Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Woodmore Local School District, Sandusky County, Ohio, as of June 30, 2007, and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007, on our consideration of Woodmore Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report
Woodmore Local School District
Page Two

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodmore Local School District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for 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 of Woodmore Local School District. Such information has 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 14, 2007

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

The management's discussion and analysis of the Woodmore Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- In total, net assets of governmental activities increased \$172,602 which represents a 3.29% increase from 2006.
- General revenues accounted for \$8,620,907 in revenue or 84.66% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,562,590 or 15.34% of total revenues of \$10,183,497.
- The District had \$10,010,895 in expenses related to governmental activities; \$1,562,590 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,620,907 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and debt service fund. The general fund had \$8,375,614 in revenues and other financing sources and \$8,436,064 in expenditures. During fiscal year 2007, the general fund's fund balance decreased \$60,450 from \$353,934 to \$293,484.
- The debt service fund had \$567,104 in revenues and \$541,070 in expenditures. During fiscal year 2007, the debt service fund's fund balance increased \$26,034 from \$366,333 to \$392,367.

Using these Basic Financial Statements

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

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-48 of this report.

The District as a Whole

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

The table below provides a summary of the District's net assets for 2007 and 2006.

	Net Assets	
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Assets</u>		
Current and other assets	\$ 6,335,180	\$ 6,624,471
Capital assets, net	<u>5,651,249</u>	<u>5,902,775</u>
Total assets	<u>11,986,429</u>	<u>12,527,246</u>
<u>Liabilities</u>		
Current liabilities	4,927,977	5,240,964
Long-term liabilities	<u>1,639,656</u>	<u>2,040,088</u>
Total liabilities	<u>6,567,633</u>	<u>7,281,052</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	4,763,679	4,994,042
Restricted	865,550	891,299
Unrestricted (deficit)	<u>(210,433)</u>	<u>(639,147)</u>
Total net assets	<u>\$ 5,418,796</u>	<u>\$ 5,246,194</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$5,418,796. Of this total, \$865,550 is restricted in use.

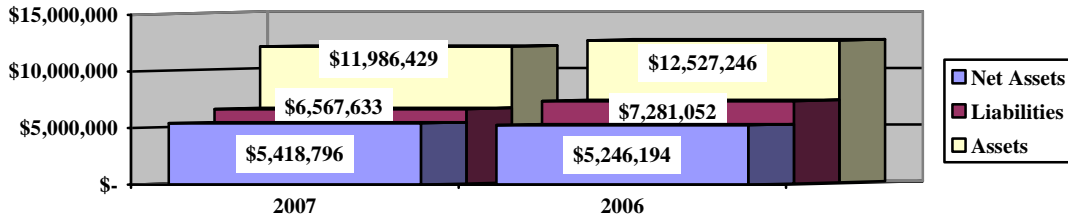
**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

At fiscal year-end, capital assets represented 47.15% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2007, were \$4,763,679. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$865,550, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$210,433.

Governmental Activities



The table below shows the change in net assets for fiscal year 2007 and 2006.

Change in Net Assets

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 653,771	\$ 665,603
Operating grants and contributions	891,136	613,199
Capital grants and contributions	17,683	-
General revenues:		
Property taxes	4,512,726	4,662,466
Grants and entitlements	3,873,555	3,827,252
Payment in lieu of taxes	153,262	220,832
Investment earnings	71,929	55,134
Other	9,435	13,486
Total revenues	<u>10,183,497</u>	<u>10,057,972</u>

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Change in Net Assets

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,886,177	\$ 4,383,793
Special	938,386	961,575
Vocational	5,988	10,978
Other	-	370,520
Support services:		
Pupil	642,081	561,367
Instructional staff	173,267	211,470
Board of education	66,813	130,402
Administration	862,350	807,647
Fiscal	306,365	292,670
Operations and maintenance	764,120	866,520
Pupil transportation	525,558	432,471
Operation of non instructional services:		
Non-instructional services	17,403	73,516
Food service operations	344,116	360,964
Extracurricular activities	366,112	339,814
Intergovernmental pass through	62,120	-
Interest and fiscal charges	<u>50,039</u>	<u>84,814</u>
Total expenses	<u>10,010,895</u>	<u>9,888,521</u>
Change in net assets	172,602	169,451
Net assets at beginning of year	<u>5,246,194</u>	<u>5,076,743</u>
Net assets at end of year	<u>\$ 5,418,796</u>	<u>\$ 5,246,194</u>

Governmental Activities

Net assets of the District's governmental activities increased \$172,602. Total governmental expenses of \$10,010,895 were offset by program revenues of \$1,562,590 and general revenues of \$8,620,907. Program revenues supported 15.61% of the total governmental expenses.

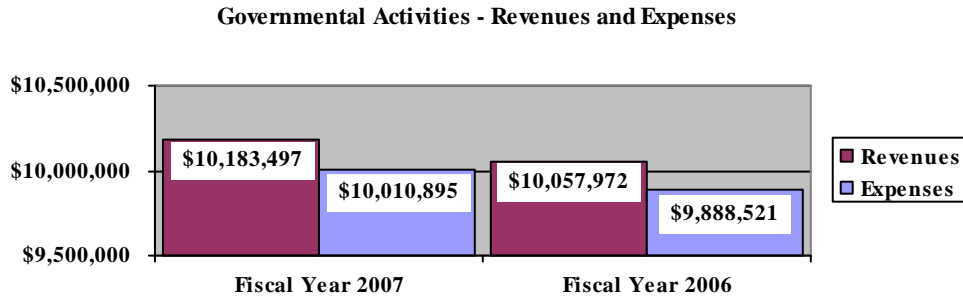
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 82.35% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,830,551 or 58.24% of total governmental expenses for fiscal year 2007.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2007 and 2006.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Program expenses				
Instruction:				
Regular	\$ 4,886,177	\$ 4,597,750	\$ 4,383,793	\$ 4,118,911
Special	938,386	509,993	961,575	792,584
Vocational	5,988	4,289	10,978	10,978
Other	-	-	370,520	362,520
Support services:				
Pupil	642,081	518,397	561,367	459,299
Instructional staff	173,267	150,497	211,470	192,519
Board of education	66,813	66,813	130,402	130,402
Administration	862,350	779,456	807,647	737,472
Fiscal	306,365	306,365	292,670	292,670
Operations and maintenance	764,120	754,015	866,520	850,075
Pupil transportation	525,558	475,782	432,471	405,795
Operations of non-instructional services:				
Non-instructional services	17,403	3,391	73,516	(15,042)
Food service operations	344,116	9,174	360,964	(6,258)
Extracurricular activities	366,112	229,068	339,814	192,980
Intergovernmental	62,120	(6,724)	-	-
Interest and fiscal charges	50,039	50,039	84,814	84,814
Total expenses	<u>\$ 10,010,895</u>	<u>\$ 8,448,305</u>	<u>\$ 9,888,521</u>	<u>\$ 8,609,719</u>

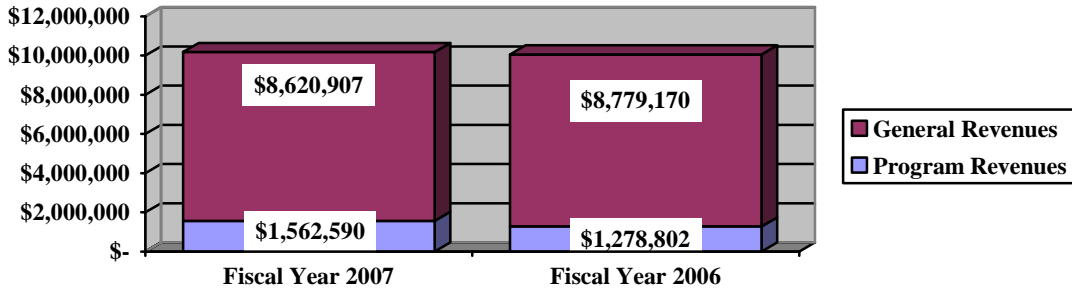
The dependence upon tax and other general revenues for governmental activities is apparent, 87.68% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.39%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio as a whole, are by far the primary support for District's students.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal year 2007 and 2006.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$1,099,857, which is greater than last year's total of \$960,008. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	Fund Balance <u>June 30, 2007</u>	Fund Balance <u>June 30, 2006</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 293,484	\$ 353,934	\$ (60,450)	(17.08) %
Debt Service	392,367	366,333	26,034	7.11 %
Other Governmental	<u>414,006</u>	<u>239,741</u>	<u>174,265</u>	72.69 %
Total	<u>\$ 1,099,857</u>	<u>\$ 960,008</u>	<u>\$ 139,849</u>	14.57 %

General Fund

The District's general fund balance decreased \$60,450. Expenditures exceed revenues for fiscal year 2007 by \$71,185.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

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

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 3,911,062	\$ 4,040,867	\$ (129,805)	(3.21) %
Tuition	159,667	147,784	11,883	8.04 %
Earnings on investments	71,929	54,513	17,416	31.95 %
Intergovernmental	4,035,134	3,756,184	278,950	7.43 %
Other revenues	187,087	266,432	(79,345)	(29.78) %
Total	<u>\$ 8,364,879</u>	<u>\$ 8,265,780</u>	<u>\$ 99,099</u>	1.20 %
<u>Expenditures</u>				
Instruction	\$ 5,314,692	\$ 5,309,360	\$ 5,332	0.10 %
Support services	2,907,328	2,857,357	49,971	1.75 %
Extracurricular activities	201,785	191,049	10,736	5.62 %
Facilities acquisition and construction	3,000	-	3,000	100.00 %
Capital outlay	8,255	-	8,255	100.00 %
Debt service	1,004	6,475	(5,471)	(84.49) %
Total	<u>\$ 8,436,064</u>	<u>\$ 8,364,241</u>	<u>\$ 71,823</u>	0.86 %

Overall revenues of the general fund increased \$99,099 or 1.20%. The increase in revenues can mainly be attributed to the increase in intergovernmental revenues. Intergovernmental revenues increased \$278,950 or 7.43%. This increase is the result of the Personal Property Reimbursement received from the State. The decrease of \$129,805 in the area of tax revenue is the result of the decrease in personal tangible property value. Investment earnings increase due to increased interest rates on investments. Other revenues include rental income, contributions and donations, services provided to other entities and miscellaneous revenues. The District received less of these revenues in 2007 versus 2006.

Overall expenditures of the general fund increased \$71,823 or 0.86%. This increase is due to increase in staff/salaries mainly in the area of educational aides.

Debt Service Fund

The debt service fund had \$567,104 in revenues and \$541,070 in expenditures. During fiscal year 2007, the debt service fund's fund balance increased \$26,034 from \$366,333 to \$392,367.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2007, the District did not amend its general fund budget during the year. For the general fund, original and final budgeted revenues and other financing sources were \$8,997,852. Actual revenues and other financing sources for fiscal year 2007 was \$8,532,959. This represents a \$464,893 decrease from final budgeted revenues.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

General fund original appropriations (appropriated expenditures including other financing uses) were \$8,781,141, while final appropriations totaled \$8,777,700. The actual budget basis expenditures for fiscal year 2007 totaled \$8,483,144, which was \$294,556 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, the District had \$5,651,249 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2007 balances compared to the amount of capital assets in 2006.

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2007	2006
Land	\$ 174,516	\$ 174,516
Land improvements	25,640	17,939
Building and improvements	5,058,608	5,235,371
Furniture and equipment	232,670	268,405
Vehicles	159,815	206,544
Total	\$ 5,651,249	\$ 5,902,775

The overall decrease in capital assets of \$251,526 is due to depreciation expense of \$247,611 and disposals of \$3,915 (net of accumulated depreciation) exceeding capital outlays of \$48,599 in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2007, the District had \$887,570 in general obligation bonds and capital leases outstanding. Of this total, \$456,456 is due within one year and \$431,114 is due in greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2007	2006
Capital lease obligation	\$ 7,570	\$ -
General obligation bonds	880,000	1,360,000
Total	\$ 887,570	\$ 1,360,000

At June 30, 2007, the District's overall legal debt margin was \$11,782,026, and an unvoted debt margin of \$136,330. See Note 10 to the basic financial statements for additional information on the District's debt administration.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Current Financial Related Activities

The District has continued to maintain high standards of service to our students and community. Our central office has moved out of the elementary building and we are leasing a building to house those offices. This has made additional room for all-day kindergarten which has been very well received. The District is continuing to monitor its financial future in order to optimize the dollars available for educating the students it serves.

At this point, the District is facing a deficit balance for fiscal year 2010. In the November 2006 election, our 4.0 Mill Operating Levy, which was originally passed in 1994, was replaced for five years. The District has made many budget reductions over the last 4 years and is continuing to look at all areas to try to save more. At this point, however, the District is in a deficit spending situation and need to generate additional revenue. The District will have an operating levy up for renewal in 2009 and the board is currently evaluating our next step. Ohio Schools Facilities Commission came to visit the District's buildings in November 2007 and is evaluating our application for the expedited program. This will play an important part in the District's levy decision making in the next few months.

The Strategic Plan that was approved in 2006 is moving along very well and additional goals have been added. This is a great opportunity for the District to work together with community members, staff, administration and board members to advance the District. Through this process, the District is hoping to improve efficiency, community relations and better our district's performance. The District will continue to maintain that plan and move forward.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Anne Arnold, Treasurer, Woodmore Local School District, 115 Water Street, Woodville, Ohio 43469-1018.

**BASIC
FINANCIAL STATEMENTS**

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 1,572,022
Receivables:	
Taxes	4,600,926
Accounts	450
Intergovernmental	127,202
Prepayments	9,702
Materials and supplies inventory	24,878
Capital assets:	
Land	174,516
Depreciable capital assets, net	5,476,733
Capital assets, net	5,651,249
 Total assets.	 11,986,429
 Liabilities:	
Accounts payable.	44,075
Accrued wages and benefits	757,125
Pension obligation payable.	206,210
Intergovernmental payable	78,474
Unearned revenue	3,837,799
Accrued interest payable	4,294
Long-term liabilities:	
Due within one year.	565,138
Due in more than one year	1,074,518
 Total liabilities	 6,567,633
 Net Assets:	
Invested in capital assets, net of related debt.	4,763,679
Restricted for:	
Capital projects	212,602
Debt service.	401,970
Locally funded projects.	559
State funded projects.	44,628
Federally funded projects.	87,623
Student activities.	117,259
Other purposes	909
Unrestricted (deficit)	(210,433)
 Total net assets	 \$ 5,418,796

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 4,886,177	\$ 237,270	\$ 44,187	\$ 6,970	\$ (4,597,750)
Special	938,386	-	428,393	-	(509,993)
Vocational	5,988	-	1,699	-	(4,289)
Support services:					
Pupil.	642,081	-	123,684	-	(518,397)
Instructional staff	173,267	-	22,770	-	(150,497)
Board of education	66,813	-	-	-	(66,813)
Administration.	862,350	-	82,894	-	(779,456)
Fiscal.	306,365	-	-	-	(306,365)
Operations and maintenance	764,120	5,815	4,290	-	(754,015)
Pupil transportation.	525,558	11,438	27,625	10,713	(475,782)
Operation of non-instructional:					
Non-instructional services	17,403	-	14,012	-	(3,391)
Food service operations	344,116	264,503	70,439	-	(9,174)
Extracurricular activities.	366,112	134,745	2,299	-	(229,068)
Intergovernmental pass through.	62,120	-	68,844	-	6,724
Interest and fiscal charges	50,039	-	-	-	(50,039)
Total governmental activities	<u>\$ 10,010,895</u>	<u>\$ 653,771</u>	<u>\$ 891,136</u>	<u>\$ 17,683</u>	<u>(8,448,305)</u>

General Revenues:

Property taxes levied for:	
General purposes	3,913,475
Debt service.	487,662
Capital projects	111,589
Grants and entitlements not restricted to specific programs.	
Payment in lieu of taxes.	153,262
Investment earnings	71,929
Miscellaneous	9,435
Total general revenues.	<u>8,620,907</u>
Change in net assets	172,602
Net assets at beginning of year.	<u>5,246,194</u>
Net assets at end of year	<u>\$ 5,418,796</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 799,792	\$ 321,653	\$ 450,577	\$ 1,572,022
Receivables:				
Taxes	4,015,005	473,897	112,024	4,600,926
Accounts	450	-	-	450
Intergovernmental	-	-	127,202	127,202
Interfund loan receivable	18,159	-	-	18,159
Prepayments	9,702	-	-	9,702
Materials and supplies inventory	17,867	-	7,011	24,878
Advances to other funds	1,462	1,495	-	2,957
Total assets	<u>\$ 4,862,437</u>	<u>\$ 797,045</u>	<u>\$ 696,814</u>	<u>\$ 6,356,296</u>
Liabilities:				
Accounts payable	\$ 26,064	\$ -	\$ 18,011	\$ 44,075
Accrued wages and benefits	747,285	-	9,840	757,125
Compensated absences payable	75,088	-	-	75,088
Pension obligation payable	175,244	-	30,966	206,210
Intergovernmental payable	74,490	-	3,984	78,474
Interfund loan payable	-	-	18,159	18,159
Advances from other funds	1,495	-	1,462	2,957
Deferred revenue	115,005	13,897	107,650	236,552
Unearned revenue	3,354,282	390,781	92,736	3,837,799
Total liabilities	<u>4,568,953</u>	<u>404,678</u>	<u>282,808</u>	<u>5,256,439</u>
Fund Balances:				
Reserved for encumbrances	15,095	-	112,442	127,537
Reserved for materials and supplies inventory	17,867	-	7,011	24,878
Reserved for prepayments	9,702	-	-	9,702
Reserved for property tax unavailable for appropriation	545,718	69,219	15,964	630,901
Reserved for advances	1,462	1,495	-	2,957
Reserved for debt service	-	321,653	-	321,653
Unreserved, undesignated (deficit), reported in:				
General fund	(296,360)	-	-	(296,360)
Special revenue funds	-	-	107,222	107,222
Capital projects funds	-	-	171,367	171,367
Total fund balances	<u>293,484</u>	<u>392,367</u>	<u>414,006</u>	<u>1,099,857</u>
Total liabilities and fund balances	<u>\$ 4,862,437</u>	<u>\$ 797,045</u>	<u>\$ 696,814</u>	<u>\$ 6,356,296</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2007

Total governmental fund balances		\$	1,099,857
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			5,651,249
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	132,226	
Intergovernmental revenue		104,326	
Total			236,552
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(4,294)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(676,998)	
Capital lease obligation payable		(7,570)	
General obligation bonds payable		(880,000)	
Total			(1,564,568)
Net assets of governmental activities		\$	5,418,796

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 3,911,062	\$ 486,047	\$ 111,169	\$ 4,508,278
Tuition.	159,667	-	-	159,667
Charges for services.	-	-	264,503	264,503
Earnings on investments.	71,929	-	1,668	73,597
Extracurricular.	10,260	-	157,218	167,478
Classroom materials and fees	12,490	-	47,993	60,483
Other local revenues.	11,075	-	8,125	19,200
Payment in lieu of taxes	153,262	-	-	153,262
Intergovernmental - Intermediate.	-	-	500	500
Intergovernmental - State.	4,035,134	81,057	151,797	4,267,988
Intergovernmental - Federal	-	-	660,172	660,172
Total revenues	<u>8,364,879</u>	<u>567,104</u>	<u>1,403,145</u>	<u>10,335,128</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,609,874	-	85,002	4,694,876
Special.	701,551	-	228,239	929,790
Vocational.	3,267	-	-	3,267
Support services:				
Pupil.	491,510	-	138,263	629,773
Instructional staff	135,008	-	33,392	168,400
Board of education	63,088	-	-	63,088
Administration.	770,636	-	91,112	861,748
Fiscal	284,306	11,350	2,632	298,288
Operations and maintenance.	714,424	-	64,080	778,504
Pupil transportation	448,356	-	24,093	472,449
Operation of non-instructional services:				
Non-instructional services.	-	-	17,403	17,403
Food service operations.	-	-	322,106	322,106
Extracurricular activities.	201,785	-	160,438	362,223
Intergovernmental pass through.	-	-	62,120	62,120
Facilities acquisition and construction	3,000	-	-	3,000
Capital outlay	8,255	-	-	8,255
Debt service:				
Principal retirement	685	480,000	-	480,685
Interest and fiscal charges	319	49,720	-	50,039
Total expenditures	<u>8,436,064</u>	<u>541,070</u>	<u>1,228,880</u>	<u>10,206,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,185)</u>	<u>26,034</u>	<u>174,265</u>	<u>129,114</u>
Other financing sources:				
Sale of assets.	2,480	-	-	2,480
Capital lease transaction	8,255	-	-	8,255
Total other financing sources	<u>10,735</u>	<u>-</u>	<u>-</u>	<u>10,735</u>
Net change in fund balances	(60,450)	26,034	174,265	139,849
Fund balances at beginning of year	<u>353,934</u>	<u>366,333</u>	<u>239,741</u>	<u>960,008</u>
Fund balances at end of year.	<u>\$ 293,484</u>	<u>\$ 392,367</u>	<u>\$ 414,006</u>	<u>\$ 1,099,857</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds \$ 139,849

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

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital asset additions	\$	48,599	
Current year depreciation		(296,210)	
Total			(247,611)

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. (3,915)

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

Taxes		4,448	
Intergovernmental		(156,079)	
Total			(151,631)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement net assets. 480,685

Proceeds of capital lease transactions are recorded as an other financing source in the funds however, on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets. (8,255)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of financial resources and therefore are not reported expenditures in governmental funds. (36,520)

Change in net assets of governmental activities \$ 172,602

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 4,326,525	\$ 4,326,525	\$ 3,996,108	\$ (330,417)
Tuition.	150,000	150,000	159,667	9,667
Earnings on investments.	52,000	52,000	71,929	19,929
Extracurricular.	12,000	12,000	10,260	(1,740)
Classroom materials and fees	9,275	9,275	12,140	2,865
Other local revenues	20,100	20,100	20,975	(9,125)
Payment in lieu of taxes	202,403	202,403	153,262	(49,141)
Intergovernmental - State	4,197,399	4,197,399	4,035,134	(162,265)
Total revenues	<u>8,969,702</u>	<u>8,969,702</u>	<u>8,449,475</u>	<u>(520,227)</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,496,515	4,493,074	4,602,485	(109,411)
Special.	798,084	798,084	714,196	83,888
Vocational.	3,990	3,990	4,022	(32)
Support services:				
Pupil.	471,215	471,215	491,462	(20,247)
Instructional staff	138,569	138,569	137,056	1,513
Board of education	126,063	126,063	75,035	51,028
Administration.	813,403	813,403	767,945	45,458
Fiscal	419,805	419,805	286,269	133,536
Operations and maintenance.	839,080	839,080	738,863	100,217
Pupil transportation	446,239	446,239	445,420	819
Extracurricular activities.	195,178	195,178	199,232	(4,054)
Facilities acquisition and construction.	3,000	3,000	3,000	-
Total expenditures	<u>8,751,141</u>	<u>8,747,700</u>	<u>8,464,985</u>	<u>282,715</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>218,561</u>	<u>222,002</u>	<u>(15,510)</u>	<u>(237,512)</u>
Other financing sources (uses):				
Transfers (out)	(1,000)	(1,000)	-	1,000
Advances in.	28,150	28,150	81,004	52,854
Advances (out)	(29,000)	(29,000)	(18,159)	10,841
Sale of assets	-	-	2,480	2,480
Total other financing sources (uses)	<u>(1,850)</u>	<u>(1,850)</u>	<u>65,325</u>	<u>67,175</u>
Net change in fund balance	216,711	220,152	49,815	(170,337)
Fund balance at beginning of year	466,537	466,537	466,537	-
Prior year encumbrances appropriated	193,252	193,252	193,252	-
Fund balance at end of year.	<u>\$ 876,500</u>	<u>\$ 879,941</u>	<u>\$ 709,604</u>	<u>\$ (170,337)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 129,459	\$ 79,864
Total assets.	129,459	\$ 79,864
Liabilities:		
Accounts payable.	-	\$ 835
Due to students	-	79,029
Total liabilities	-	\$ 79,864
Net Assets:		
Held in trust for scholarships	129,459	
Total net assets	\$ 129,459	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 7,018
Gifts and contributions.	9,165
	16,183
Deductions:	
Scholarships awarded	8,025
	8,158
Change in net assets	8,158
Net assets at beginning of year.	121,301
Net assets at end of year	\$ 129,459

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Woodmore Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District was established in 1968. The District serves an area of approximately sixty-seven square miles. It is located in Sandusky and Ottawa Counties and includes all of the Village of Woodville and the Village of Elmore. The District is the 467th largest in the State of Ohio among 876 public and community schools in terms of enrollment. It is staffed by 41 classified employees and 73 certified teaching personnel, and twelve administrative employees who provide services to 1,085 students and other community members. The District currently operates an elementary school and a middle/high school.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among thirty-eight school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two Assembly members from each county in which participating school districts are limited to its representation on the Board. During fiscal year 2007 the District paid \$37,627 to NOECA for services. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Northwestern Ohio Educational Research Council, Inc.

The research council is a jointly governed organization which serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. During fiscal year 2007, the District paid no fees to the Council.

Bay Area Council of Governments (BACG)

The BACG is a jointly governed organization. Members of the BACG consist of twenty-six school districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the council of governments are natural gas and insurance. The only cost to the District is an administrative charge if they participate in purchasing through the BACG. The BACG consists of the superintendent of each participating school district. The Board of Directors of the BACG consist of one elected representative of each county, the superintendent of the fiscal agent, and two non-voting members (administrator and fiscal officer). Members of the Board serve staggered two-year terms. During fiscal year 2007, the District paid \$91,969 fees to BACG. Financial information is available from the Erie County Educational Service Center (fiscal agent), at 2900 S. Columbus Avenue, Sandusky, Ohio 44870.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

Penta Career Center

The Penta Career Center (“Penta”) is a distinct political subdivision of the State of Ohio which provides vocational education. Penta operates under the direction of a Board consisting of eleven members, each appointed for a term of two years, to serve the sixteen participating school districts. Six members are appointed during the even number years, one each from the Lucas, Ottawa, and Wood County Educational Service Centers and one each from the Bowling Green, Maumee, and Rossford City Board of Education. Five members are appointed during the odd number years, one each from the Fulton, Lucas, Sandusky, and Wood county Educational Service Centers and one from the Perrysburg City Board of Education. The degree of control exercised by the District is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Carrie Herringshaw, who serves as Treasurer, 30095 Oregon Road, Perrysburg, Ohio 43551-4594.

INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers’ Compensation Group Rating Plan

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

The San-Ott School Employees Welfare Benefit Association

The District participates in a shared risk pool, with participants from Sandusky and Ottawa counties. The Association is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services. Financial information can be obtained by writing to San-Ott School Employees Welfare Benefit Association, Jay Valasek, Treasurer of Vanguard-Sentinel Career Center, at 1306 Cedar Street, Fremont, Ohio 43420.

Schools of Ohio Risk Sharing Authority

The District participates in the Schools of Ohio Risk Sharing Authority (SORSA) which was established in 2002 pursuant to Articles of Incorporation filed under Chapter 1702 of the Ohio Revised Code – Non-profit Corporations and functioning under the authority granted by Section 2744.081 of the Ohio Revised Code. SORSA’s purpose is to provide a joint self-insurance pool and to assist member school districts in preventing and reducing losses and injuries to property and persons which might result in claims being made against members of SORSA, their employees or officers. The District paid \$58,367 for these services to SORSA in fiscal year 2007.

A nine-person Board of Directors manages the business and affairs of SORSA and is elected annually by the members of the pool. The Board of Directors consists of superintendents, treasurers, or business managers from the participating school districts. Willis Pooling administers the pool and Fran Gates Service Company manages the claims. Financial information can be obtained from Willis Pooling, 655 Metro Place South, Dublin, Ohio 43017.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

RELATED ORGANIZATION

Harris-Elmore Public Library

The Harris-Elmore Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Woodmore Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from Georgia Huizenga, who serves as Clerk/Treasurer, 328 Toledo Street, Elmore, Ohio 43416.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for the repayment of debt.

Other governmental funds of the District are used to account for (a) food service operations; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; and (c) for grants and other resources whose use is restricted to a particular purpose.

PROPRIETARY FUND

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and 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 District, available means expected to be received within sixty days of fiscal year-end.

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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, classroom materials and fees and other local revenues.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue.

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

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2007 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Sandusky County Budget Commission for tax rate determination. The Sandusky County Commissioner waived this requirement for 2007.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Certificates of Estimated Resources issued for fiscal year 2007.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparison at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2007, however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at fiscal year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the legal level of budgetary control.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

The District has invested funds in STAR Ohio during fiscal year 2007. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2007.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$71,929, which includes \$39,075 assigned from other funds.

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

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

G. Inventory

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

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2007, the District maintained a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

Description	Governmental Activities Estimated Lives
Land improvements	5 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	10 - 15 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivable/payable." Receivables and payables resulting from long-term interfund loans are classified as "advances to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net assets.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2007, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least ten years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2007, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, 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 fund financial statements when due.

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, property tax revenue unavailable for appropriation, advances and debt service. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under State statute.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

M. Net Assets

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

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. Nonpublic Schools

Within the boundaries of the District, Solomon Lutheran is operated through the District as a parochial school. State Legislation provides funding to this parochial school. The District receives the money and then disburses the money as directed by the parochial school. These transactions are reported in a nonmajor governmental fund of the District.

P. Estimates

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

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2007.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 3 - ACCOUNTABILITY & COMPLIANCE

Deficit Fund Balances

Fund balances at June 30, 2007 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Poverty Aid	\$ 62
Title I - Instructional Programs - Migrant	20,052
Title I - Disadvantaged Children	3,036
Drug Free Schools	142

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At June 30, 2007, the District had \$5,102 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits with Financial Institutions

At June 30, 2007, the carrying amount of all District deposits was \$1,571,490. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, \$1,469,617 of the District's bank balance of \$1,769,617 was exposed to custodial risk as discussed below, while \$300,000 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2007, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity 6 months or less</u>
STAR Ohio	\$ 204,753	\$ 204,753

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 204,753	100.00

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 1,571,490
Investments	204,753
Cash on hand	<u>5,102</u>
Total	<u>\$ 1,781,345</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 1,572,022
Private-purpose trust fund	129,459
Agency fund	<u>79,864</u>
Total	<u>\$ 1,781,345</u>

**WOODMORE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2007 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 18,159

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2007 are reported on the statement of net assets.

- B. Long-term advances to/from other funds at June 30, 2007 as reported on the fund statements, consisted of the following:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 1,462
Debt Service	General	<u>1,495</u>
Total advances to/from other funds		<u>\$ 2,957</u>

The primary purpose of the advances is to cover costs in specific funds where revenues were not received by June 30. These advances will be repaid once the anticipated revenues are received. All long-term advances are not expected to be repaid within one year.

Advances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property was assessed at 18.75% for property including inventory. This percentage was reduced to 12.5% for 2007, and will be 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Sandusky and Ottawa Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date tax bills are sent.

The amount available as an advance at June 30, 2007 was \$545,718 in the general fund, \$69,219 in the debt service fund and \$15,964 in the permanent improvement fund (a nonmajor governmental fund). This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2006 was \$630,764 in the general fund, \$77,028 in the debt service fund, and \$17,937 in the permanent improvement fund (a nonmajor governmental fund).

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

**WOODMORE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 117,271,320	82.07	\$ 132,129,400	87.00
Public utility personal	5,374,370	3.76	5,493,980	3.62
Tangible personal property	<u>20,244,801</u>	<u>14.17</u>	<u>14,240,576</u>	<u>9.38</u>
Total	<u>\$ 142,890,491</u>	<u>100.00</u>	<u>\$ 151,863,956</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$51.90		\$53.30	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2007 consisted of taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities:

Property taxes	\$ 4,600,926
Accounts	450
Intergovernmental	<u>127,202</u>
Total	<u>\$ 4,728,578</u>

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/07</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 174,516	\$ -	\$ -	\$ 174,516
Total capital assets, not being depreciated	<u>174,516</u>	<u>-</u>	<u>-</u>	<u>174,516</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	516,555	8,746	-	525,301
Buildings and improvements	8,812,977	12,405	-	8,825,382
Furniture and equipment	1,257,789	27,448	(4,474)	1,280,763
Vehicles	<u>709,437</u>	<u>-</u>	<u>-</u>	<u>709,437</u>
Total capital assets, being depreciated:	<u>11,296,758</u>	<u>48,599</u>	<u>(4,474)</u>	<u>11,340,883</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(498,616)	(1,045)	-	(499,661)
Buildings and improvements	(3,577,606)	(189,168)	-	(3,766,774)
Furniture and equipment	(989,384)	(59,268)	559	(1,048,093)
Vehicles	<u>(502,893)</u>	<u>(46,729)</u>	<u>-</u>	<u>(549,622)</u>
Total accumulated depreciation	<u>(5,568,499)</u>	<u>(296,210)</u>	<u>559</u>	<u>(5,864,150)</u>
Governmental activities capital assets, net	<u>\$ 5,902,775</u>	<u>\$ (247,611)</u>	<u>\$ (3,915)</u>	<u>\$ 5,651,249</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 164,986
Vocational	2,721
<u>Support Services:</u>	
Instructional staff	27,977
Board of Education	3,725
Administration	5,784
Fiscal	2,394
Operations and maintenance	22,317
Pupil transportation	45,021
Extracurricular activities	3,557
Food service operations	17,728
Total depreciation expense	<u>\$ 296,210</u>

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During fiscal year 2007, the District entered into a capitalized lease for a copier. This lease agreement met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets acquired by lease have been originally capitalized in the amount of \$8,255 which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2007 was \$826 leaving a current book value of \$7,429. Principal payments in fiscal year 2007 totaled \$685 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2007:

<u>Fiscal Year Ending June 30.</u>	<u>Amount</u>
2008	\$ 2,009
2009	2,009
2010	2,008
2011	2,009
2012	<u>1,004</u>
Total minimum lease payments	9,039
Less: Amount representing interest	<u>(1,469)</u>
Total	<u><u>\$ 7,570</u></u>

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2007, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/06</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/07</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
<u>General Obligation Bonds:</u>					
Current interest bonds	\$ 880,000	\$ -	\$ -	\$ 880,000	\$ 455,000
Capital appreciation bonds	28,733	-	(28,733)	-	-
Accreted interest on capital appreciation bonds	<u>451,267</u>	<u>-</u>	<u>(451,267)</u>	<u>-</u>	<u>-</u>
Total general obligation bonds payable	<u>1,360,000</u>	<u>-</u>	<u>(480,000)</u>	<u>880,000</u>	<u>455,000</u>
<u>Other Long-Term Obligations:</u>					
Capital lease obligation	-	8,255	(685)	7,570	1,456
Compensated absences	<u>680,088</u>	<u>167,850</u>	<u>(95,852)</u>	<u>752,086</u>	<u>108,682</u>
Total other long-term obligations	<u>680,088</u>	<u>176,105</u>	<u>(96,537)</u>	<u>759,656</u>	<u>110,138</u>
Total governmental activities long-term obligations	<u>\$ 2,040,088</u>	<u>\$ 176,105</u>	<u>\$ (576,537)</u>	<u>\$ 1,639,656</u>	<u>\$ 565,138</u>

Capital lease obligations: Capital lease obligations will be paid from the general fund (see Note 9).

Compensated absences: Compensated absences will be paid from the fund from which the employee is paid, which for the District, is primarily the general fund and the food service fund (a nonmajor governmental fund).

Series 1993 Bonds: On April 15, 1993, the District issued \$5,249,826 in general obligation bonds to provide funds for the construction and improvement to various facilities.

This issue is comprised of both current interest bonds, par value \$5,185,000, and capital appreciation bonds, par value \$64,826. The interest rates on the current interest bonds range from 4.6% to 15.00%. The capital appreciation bonds matured on December 1, 2005 (effective interest 7.747%) and December 1, 2006 (effective interest 7.736%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity date is December 2008. Principal and interest will be paid from the debt service fund.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 10 - LONG-TERM OBLIGATIONS – (Continued)

- B.** The following is a summary of the District’s future annual debt service requirements to maturity for bonds:

Year Ending June 30	Current Interest Bonds		
	Principal	Interest	Total
2008	\$ 455,000	\$ 36,866	\$ 491,866
2009	425,000	12,006	437,006
Total	<u>\$ 880,000</u>	<u>\$ 48,872</u>	<u>\$ 928,872</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District’s legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2007, are a voted debt margin of \$11,782,026 (including available funds of \$392,367) and an unvoted debt margin of \$136,330.

NOTE 11- COMPENSATED ABSENCES

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred eighty-four days for certified and classified employees. Upon retirement, payment is made for 25 percent of accumulated unused sick leave credit to a maximum of seventy-one days for all employees.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torte; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Schools of Ohio Risk Sharing Authority, Inc. (see Note 2.A) for the following insurance coverage:

Coverage provided by Schools of Ohio Risk Sharing (SORSA) is as follows:

- Building and Contents/Boiler and Machinery – blanket coverage building and premises, 90% coinsurance with \$1,000.00 deductible	\$ 29,300,052
- Inland Marine - Electronic Data Processing Equipment	1,250,000
- Inland Marine - Musical Equipment, electronics, uniforms	750,000
- Inland Marine - Mobile Equipment	10,700

Coverage provided by Schools of Ohio Risk Sharing is as follows:

- Automobile Liability(\$1,000 deductible per person/accident)	4,000,000
- Medical Payments - per person	5,000
per accident	25,000

Coverage provided by Schools of Ohio Risk Sharing is as follows:

- General School District Liability	
● Per occurrence	4,000,000
● General Aggregate Liability	6,000,000
● Educators Legal Liability (per occurrence)	4,000,000
● Educators Legal Liability (aggregate)	4,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior year.

B. Medical/Dental Insurance

The District participates in the San-Ott Insurance School Employees Welfare Benefit Association (the "Consortium"), a public entity shared risk pool consisting of ten local school districts (see Note 2.A). The District pays monthly premiums to the Consortium for employee medical and dental insurance benefits. The Consortium is responsible for the management and operation of the program. Upon withdrawal from the Consortium, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. Life insurance and accidental death and dismemberment insurance are provided through Mutual of Omaha Insurance Company.

C. Workers' Compensation Plan

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 12 - RISK MANAGEMENT - (Continued)

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

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$113,882, \$108,717 and \$109,822, respectively; 43.16% has been contributed for fiscal year 2007 and 100% for the fiscal years 2006 and 2005. \$64,730 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System of Ohio

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 13 - PENSION PLANS - (Continued)

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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The 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. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$585,216, \$564,500, and \$563,472, respectively; 84.38% has been contributed for fiscal year 2007 and 100% for the fiscal years 2006 and 2005. \$91,427 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2007 were \$5,844 made by the District and \$12,789 made by plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$45,017 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. Total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$56,837 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, cash disbursements and encumbrances.

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 49,815
Net adjustment for revenue accruals	(84,596)
Net adjustment for expenditure accruals	(61,267)
Net adjustment for other sources/uses	(54,590)
Adjustment for encumbrances	90,188
GAAP basis	\$ (60,450)

NOTE 16 - CONTINGENCIES

A. Grants

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 16 - CONTINGENCIES - (Continued)

B. Litigation

A lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to a refund from the District based on the lower assessment rate beginning from tax year 2001. The amount of the refund is estimated to be approximately \$12,817 per year. A portion of the refund may be recovered from additional State entitlement payments.

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

NOTE 17 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>
Set-aside balance as of June 30, 2006	\$ (68,838)	\$ -
Current year set-aside requirement	157,265	157,265
Current year offsets	-	(113,142)
Qualifying disbursements	<u>(118,539)</u>	<u>(130,903)</u>
Total	<u>\$ (30,112)</u>	<u>\$ (86,780)</u>
Balance carried forward to FY 2008	<u>\$ (30,112)</u>	<u>\$ -</u>

The District's qualifying capital acquisition expenditures exceeded the required set-aside amount; however the negative amount may not be carried forward to future years. The excess textbooks/instructional materials amount may be carried forward to future years.

SUPPLEMENTARY DATA

**WOODMORE LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
(B) Food Donation	10.550	N/A	\$ -	\$ 13,462	\$ -	\$ 13,462
Total Food Donation			<u>-</u>	<u>13,462</u>	<u>-</u>	<u>13,462</u>
Nutrition Cluster:						
(A) (C) School Breakfast Program	10.553	049577-05PU-2006	264		264	
Total School Breakfast Program			<u>264</u>		<u>264</u>	
(A) (C) National School Lunch Program	10.555	049577-LLP4-2006	22,552		22,552	
(A) (C) National School Lunch Program	10.555	049577-LLP4-2007	32,962		32,962	
Total National School Lunch Program			<u>55,514</u>		<u>55,514</u>	
(A) (C) Summer Food Service Program for Children	10.559	049577-24PU-2006	3,755		3,755	
Total Summer Food Service Program for Children			<u>3,755</u>		<u>3,755</u>	
Total Nutrition Cluster			<u>59,533</u>		<u>59,533</u>	
Total U.S. Department of Agriculture			<u>59,533</u>	<u>13,462</u>	<u>59,533</u>	<u>13,462</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION						
Title I Grants to Local Educational Agencies	84.010	045977-C1S1-2006	6,492		-	
Title I Grants to Local Educational Agencies	84.010	045977-C1S1-2007	39,940		42,807	
Total Title I Grants to Local Educational Agencies			<u>46,432</u>		<u>42,807</u>	
Migrant Education State Grant Program	84.011	049577-MGS1-2006	142,273		132,803	
Migrant Education State Grant Program	84.011	049577-MGS1-2007	35,904		32,755	
Total Migrant Education State Grant Program			<u>178,177</u>		<u>165,558</u>	
Special Education Grants to States	84.027	045977-6BSF-2006	79,785		28,600	
Special Education Grants to States	84.027	045977-6BSF-2007	256,581		250,754	
Total Special Education Grants to States			<u>336,366</u>		<u>279,354</u>	
Safe and Drug-Free Schools and Communities State Grants	84.186	045977-DRS1-2006	1,411		784	
Safe and Drug-Free Schools and Communities State Grants	84.186	045977-DRS1-2007	2,882		2,939	
Total Safe and Drug-Free Schools and Communities State Grant			<u>4,293</u>		<u>3,723</u>	
State Grants for Innovative Programs	84.298	045977-C2S1-2006	148		374	
State Grants for Innovative Programs	84.298	045977-C2S1-2007	1,144		920	
Total State Grants for Innovative Programs			<u>1,292</u>		<u>1,294</u>	
Education Technology State Grants	84.318	045977-TJS1-2006	668		603	
Education Technology State Grants	84.318	045977-TJS1-2007	42		-	
Total Education Technology State Grants			<u>710</u>		<u>603</u>	
Improving Teacher Quality State Grants	84.367	045977-TRS1-2006	19,760		11,573	
Improving Teacher Quality State Grants	84.367	045977-TRS1-2007	12,966		10,218	
Total Improving Teacher Quality State Grants			<u>32,726</u>		<u>21,791</u>	
Total U.S. Department of Education			<u>599,996</u>		<u>515,130</u>	
Total Federal Financial Assistance			<u>\$ 659,529</u>	<u>\$ 13,462</u>	<u>\$ 574,663</u>	<u>\$ 13,462</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (B) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) This schedule was prepared on the cash basis of accounting.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Education
Woodmore Local School District
708 W. Main Street
Woodville, OH 43469-0108

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodmore Local School District, Sandusky County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Woodmore Local School District's basic financial statements and have issued our report thereon dated December 14, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodmore Local School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodmore Local School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Woodmore Local School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Woodmore Local School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Woodmore Local School District's financial statements that is more than inconsequential will not be prevented or detected by Woodmore Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Woodmore Local School District's internal control.

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

Board of Education
Woodmore Local School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodmore Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Woodmore Local School District in a separate letter dated December 14, 2007.

This report is intended solely for the information and use of the management and Board of Education of Woodmore Local School District and 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a period at the end.

Julian & Grube, Inc.
December 14, 2007



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Its
Major Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

Board of Education
Woodmore Local School District
708 W. Main Street
Woodville, OH 43469-0108

Compliance

We have audited the compliance of Woodmore Local School District, Sandusky County, Ohio, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2007. Woodmore Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Woodmore Local School District's management. Our responsibility is to express an opinion on Woodmore Local School 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, *Audit 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 federal program occurred. An audit includes examining, on a test basis, evidence about Woodmore Local School 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 Woodmore Local School District's compliance with those requirements.

In our opinion, Woodmore Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2007.

Internal Control Over Compliance

The management of Woodmore Local School 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 Woodmore Local School District's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Woodmore Local School District's internal control over compliance.

Board of Education
Woodmore Local School District

A control deficiency in Woodmore Local School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Woodmore Local School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Woodmore Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Woodmore Local School District's internal control.

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

This report is intended for the information and use of management and Board of Education of Woodmore Local School District and 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.



Julian & Grube, Inc.
December 14, 2007

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Migrant Education State Grant Program - CFDA #84.011
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

WOODMORE LOCAL SCHOOL DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 12, 2008**