

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

**AUDIT REPORT**

**For the Year Ended June 30, 2011**

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





# Dave Yost • Auditor of State

Board of Education  
Woodmore Local School District  
349 Rice Street  
Elmore, Ohio 43416

We have reviewed the *Report of Independent Accountants* of the Woodmore Local School District, Sandusky County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. 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.

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

Dave Yost  
Auditor of State

March 12, 2012

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**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY  
AUDIT REPORT  
For the Year Ending June 30, 2011**

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

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Woodmore Local School District  
Sandusky County  
349 Rice Street  
P.O. Box 701  
Elmore, OH 43416

To the Board of Education:

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

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

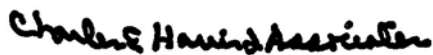
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodmore Local School District, Sandusky County, Ohio, as of June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

As described in Note 3, the District implemented Governmental Accounting Standard Board Statement No.54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2011, on our consideration of the Woodmore Local School District, Sandusky County, Ohio'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 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodmore Local School District's financial statements as a whole. The accompanying schedule of federal award expenditures is presented for purpose 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 financial statements. The schedule of federal awards expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**Charles E. Harris & Associates, Inc.**  
December 29, 2011



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(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, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2011 are as follows:

- In total, net assets of governmental activities increased \$939,845 which represents a 14.48% increase from 2010.
- General revenues accounted for \$8,781,004 in revenue or 76.37% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,716,561 or 23.63% of total revenues of \$11,497,565.
- The District had \$10,557,720 in expenses related to governmental activities; \$2,716,561 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,781,004 were adequate to provide for these programs.
- The District's major governmental funds were the general fund and the permanent improvement fund. The general fund had \$8,909,817 in revenues and \$8,554,993 in expenditures. During fiscal year 2011, the general fund's fund balance increased \$354,824 from a restated balance of \$947,231 to \$1,302,055.
- The permanent improvement fund had \$1,134,755 in revenues and an extraordinary item of insurance proceeds and \$1,082,188 in expenditures. During fiscal year 2011, the permanent improvement fund's fund balance increased \$52,567 from \$465,979 to \$518,546.

**Using the 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 permanent improvement fund are 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, 2011  
(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 fiscal year 2011?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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 permanent improvement 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, 2011  
(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 22-52 of this report.

**The District as a Whole**

The statement of net assets provides the perspective of the School District as a whole. Assets, liabilities and net assets at June 30, 2010 have been restated, as described in Note 3.B. of the notes to the basic financial statements.

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

	Net Assets	
	Governmental Activities <u>June 30, 2011</u>	(Restated) Governmental Activities <u>June 30, 2010</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 7,359,121	\$ 6,128,321
Capital assets, net	<u>5,395,451</u>	<u>5,468,884</u>
Total assets	<u>12,754,572</u>	<u>11,597,205</u>
<b><u>Liabilities</u></b>		
Current liabilities	4,449,022	4,177,990
Long-term liabilities	<u>875,908</u>	<u>929,418</u>
Total liabilities	<u>5,324,930</u>	<u>5,107,408</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	5,362,625	5,420,092
Restricted	1,336,041	971,532
Unrestricted	<u>730,976</u>	<u>98,173</u>
Total net assets	<u>\$ 7,429,642</u>	<u>\$ 6,489,797</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$7,429,642. Of this total, \$1,336,041 is restricted in use.

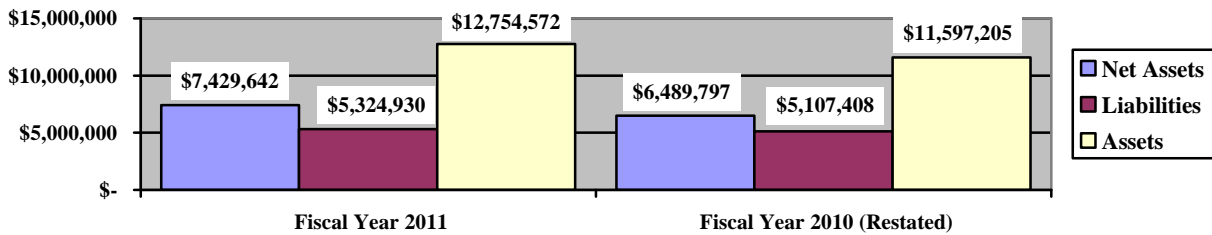
**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY, OHIO**

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

At fiscal year-end, capital assets represented 42.30% of total assets. Capital assets included land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$5,362,625. 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, \$1,336,041, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$730,976.

**Governmental Activities**



The table below shows the change in net assets for fiscal years 2011 and 2010.

	<b>Change in Net Assets</b>	
	Governmental Activities 2011	(Restated) Governmental Activities 2010
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 837,603	\$ 832,267
Operating grants and contributions	1,878,958	1,118,902
General revenues:		
Property taxes	4,137,647	4,125,713
Grants and entitlements	4,552,495	4,765,719
Payment in lieu of taxes	85,000	85,000
Investment earnings	2,386	2,470
Other	3,476	15,120
<b>Total revenues</b>	<b>11,497,565</b>	<b>10,945,191</b>

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

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

	<b>Change in Net Assets</b>	
	(Restated)	
	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 5,401,319	\$ 5,043,989
Special	861,953	989,384
Vocational	9,064	11,298
Other	4,026	5,362
Support services:		
Pupil	606,351	596,647
Instructional staff	214,485	188,434
Board of education	57,667	51,055
Administration	912,865	881,172
Fiscal	313,517	300,796
Operations and maintenance	928,202	808,107
Pupil transportation	533,423	590,997
Central	-	2
Operation of non instructional services:		
Other non-instructional services	53,035	47,557
Food service operations	364,659	380,739
Extracurricular activities	288,957	341,845
Interest and fiscal charges	<u>8,197</u>	<u>12,167</u>
Total expenses	<u>10,557,720</u>	<u>10,249,551</u>
Change in net assets	939,845	695,640
Net assets at beginning of year	<u>6,489,797</u>	<u>5,794,157</u>
Net assets at end of year	<u>\$ 7,429,642</u>	<u>\$ 6,489,797</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$939,845. Total governmental expenses of \$10,557,720 were offset by program revenues of \$2,716,561 and general revenues of \$8,781,004. Program revenues supported 25.73% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements not restricted to specific programs. These revenue sources represent 75.58% of total governmental revenue.

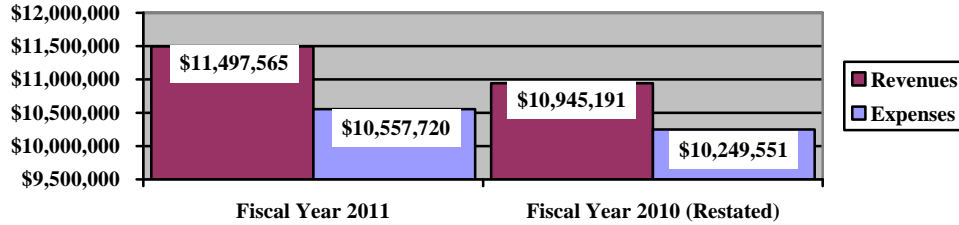
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,276,362 or 59.45% of total governmental expenses for fiscal year 2011.

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

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

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

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Certain amounts for 2010 have been restated. Refer to Note 3.B. to the basic financial statements for detail on the fund reclassification and restatement of net assets at the beginning of the fiscal year.

	<b>Governmental Activities</b>			
	Total Cost of Services 2011	Net Cost of Services 2011	(Restated) Total Cost of Services 2010	(Restated) Net Cost of Services 2010
<b>Program expenses</b>				
Instruction:				
Regular	\$ 5,401,319	\$ 4,649,455	\$ 5,043,989	\$ 4,379,347
Special	861,953	108,006	989,384	614,378
Vocational	9,064	8,007	11,298	10,249
Other	4,026	4,026	5,362	5,362
Support services:				
Pupil	606,351	186,049	596,647	365,321
Instructional staff	214,485	124,985	188,434	146,021
Board of education	57,667	57,667	51,055	51,055
Administration	912,865	795,336	881,172	826,388
Fiscal	313,517	313,517	300,796	300,796
Operations and maintenance	928,202	911,879	808,107	791,615
Pupil transportation	533,423	481,730	590,997	552,663
Central	-	-	2	2
Operations of non-instructional services:				
Non-instructional services	53,035	(14,403)	47,557	(3,968)
Food service operations	364,659	165	380,739	9,432
Extracurricular activities	288,957	206,543	341,845	237,554
Interest and fiscal charges	8,197	8,197	12,167	12,167
<b>Total expenses</b>	<u>\$ 10,557,720</u>	<u>\$ 7,841,159</u>	<u>\$ 10,249,551</u>	<u>\$ 8,298,382</u>

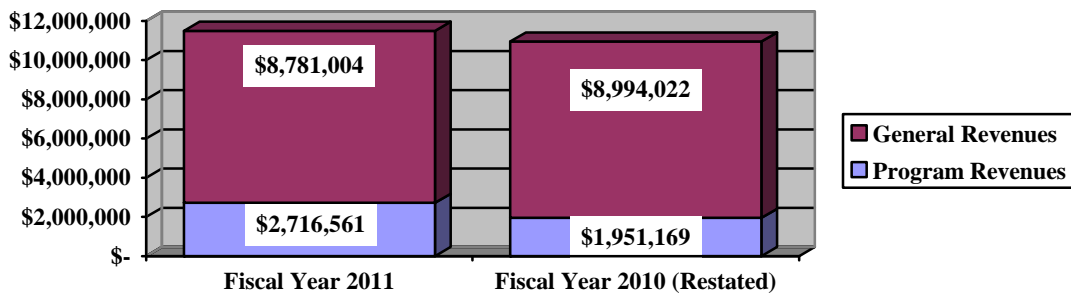
**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY, OHIO**

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

The dependence upon tax and other general revenues for governmental activities is apparent, 75.99% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 74.27%. 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.

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

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The June 30, 2010 fund balance of the general fund and other governmental funds were restated for reclassifications required for the implementation of GASB Statement No. 54 and the reclassification of the VLA program private purpose trust fund to a special revenue fund (See note 3.B for detail). The District's governmental funds reported a combined fund balance of \$2,214,884, which is more than last year's restated balance of \$1,732,287. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and June 30, 2010.

	Fund Balance <u>June 30, 2011</u>	(Restated) Fund Balance <u>June 30, 2010</u>	<u>Increase</u>	<u>Percentage Change</u>
General	\$ 1,302,055	\$ 947,231	\$ 354,824	37.46 %
Permanent improvement	518,546	465,979	52,567	11.28 %
Other governmental	<u>394,283</u>	<u>319,077</u>	<u>75,206</u>	23.57 %
Total	<u>\$ 2,214,884</u>	<u>\$ 1,732,287</u>	<u>\$ 482,597</u>	27.86 %

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

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

***General Fund***

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

	2011 <u>Amount</u>	(Restated) 2010 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,642,536	\$ 3,646,150	\$ (3,614)	(0.10) %
Tuition	389,135	367,745	21,390	5.82 %
Earnings on investments	2,386	2,470	(84)	(3.40) %
Intergovernmental	4,684,573	4,699,886	(15,313)	(0.33) %
Other revenues	<u>191,187</u>	<u>197,456</u>	<u>(6,269)</u>	(3.17) %
Total	<u>\$ 8,909,817</u>	<u>\$ 8,913,707</u>	<u>\$ (3,890)</u>	(0.04) %
<b><u>Expenditures</u></b>				
Instruction	\$ 5,442,038	\$ 5,320,359	\$ 121,679	2.29 %
Support services	2,835,937	2,885,495	(49,558)	(1.72) %
Extracurricular activities	257,725	232,420	25,305	10.89 %
Debt service	<u>19,293</u>	<u>19,292</u>	<u>1</u>	0.01 %
Total	<u>\$ 8,554,993</u>	<u>\$ 8,457,566</u>	<u>\$ 97,427</u>	1.15 %

Overall revenues of the general fund decreased \$3,890 or 0.04%.

Overall expenditures of the general fund increased \$97,427 or 1.15%.

***Permanent Improvement Fund***

The permanent improvement fund had \$1,134,755 in revenues and an extraordinary item of insurance proceeds and \$1,082,188 in expenditures. During fiscal year 2011, the permanent improvement fund's fund balance increased \$52,567 from \$465,979 to \$518,546.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2011, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$8,405,767 and final budgeted revenues and other financing sources were \$8,826,835. Actual revenues and other financing sources for fiscal year 2011 were \$8,864,241. This represents a \$37,406 increase over final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures) were \$9,208,188, while final appropriations and other financing uses totaled \$8,959,552. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$8,918,639, which was \$40,913 less than the final budget appropriations.



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

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

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2011, the District had \$5,395,451 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 June 30, 2011 balances compared to the amount of capital assets at June 30, 2010.

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>
Land	\$ 174,516	\$ 174,516
Land improvements	71,413	74,746
Building and improvements	4,564,807	4,619,778
Furniture and equipment	282,177	298,145
Vehicles	<u>302,538</u>	<u>301,699</u>
Total	<u>\$ 5,395,451</u>	<u>\$ 5,468,884</u>

The overall decrease in capital assets is \$73,433, due to depreciation expense of \$326,179 exceeding capital asset additions of \$252,746.

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

*Debt Administration*

At June 30, 2011, the District had \$115,584 in capital leases outstanding. Of this total, \$71,674 is due within one year and \$43,910 is due in more than one year. The following table summarizes the capital leases outstanding.

<b>Outstanding Debt, at Year End</b>		
	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
Capital lease obligation	<u>\$ 115,584</u>	<u>\$ 184,052</u>
Total	<u>\$ 115,584</u>	<u>\$ 184,052</u>

At June 30, 2011, the District's overall legal debt margin was \$13,831,450, and an unvoted debt margin of \$151,640. 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, 2011  
(UNAUDITED)**

**Current Financial Related Activities**

The District is doing everything possible under the current financial restraints to maintain high standards of service to our students and community. The District continues to monitor its financial future in order to optimize the dollars available for educating the students it serves.

The District has made many budget reductions over the last several years, including almost \$200,000 in fiscal year 2009 and \$135,000 in fiscal year 2010, and is continuing to look at all areas to try to save more. The district did not replace 4 retiring teachers along with 1 retiring bus driver, saving approximately \$235,000 in fiscal year 2011. The current five-year forecast does not show a negative balance in any year. The District is projected to be in a deficit spending situation beginning in fiscal year 2013 and will need to generate additional revenue or cut more expenses. A 3.95 mil Emergency levy was passed in May 2011, with collection starting in fiscal year 2012.

The Strategic Plan that was approved in fiscal year 2006 is continuing along well. 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. Each group has continued to meet regularly and the process continues to 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 Mr. Kevin Slates, Treasurer, Woodmore Local School District, 349 Rice Street, Elmore, OH 43416.

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

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 2,177,468
Receivables:	
Property taxes . . . . .	4,515,627
Intergovernmental . . . . .	629,089
Prepayments . . . . .	10,096
Materials and supplies inventory. . . . .	26,841
Capital assets:	
Land . . . . .	174,516
Depreciable capital assets, net. . . . .	5,220,935
Capital assets, net. . . . .	5,395,451
 Total assets. . . . .	 12,754,572
 <b>Liabilities:</b>	
Accounts payable. . . . .	22,010
Contracts payable. . . . .	24,000
Accrued wages and benefits . . . . .	559,103
Pension obligation payable. . . . .	224,384
Intergovernmental payable . . . . .	36,492
Unearned revenue . . . . .	3,583,033
Long-term liabilities:	
Due within one year. . . . .	171,694
Due in more than one year. . . . .	704,214
 Total liabilities . . . . .	 5,324,930
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	5,362,625
Restricted for:	
Capital projects . . . . .	540,675
Debt service. . . . .	183,836
State funded programs. . . . .	5,389
Federally funded programs . . . . .	518,515
Student activities . . . . .	14,218
Other purposes . . . . .	73,408
Unrestricted. . . . .	730,976
 Total net assets . . . . .	 \$ 7,429,642

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, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Revenue and</u>
		<u>Services and Sales</u>	<u>and Contributions</u>	<u>Changes in</u>
				<u>Net Assets</u>
				<u>Governmental</u>
				<u>Activities</u>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 5,401,319	\$ 491,870	\$ 259,994	\$ (4,649,455)
Special . . . . .	861,953	-	753,947	(108,006)
Vocational . . . . .	9,064	-	1,057	(8,007)
Other . . . . .	4,026	-	-	(4,026)
Support services:				
Pupil . . . . .	606,351	3,076	417,226	(186,049)
Instructional staff . . . . .	214,485	-	89,500	(124,985)
Board of education . . . . .	57,667	-	-	(57,667)
Administration . . . . .	912,865	-	117,529	(795,336)
Fiscal . . . . .	313,517	-	-	(313,517)
Operations and maintenance . . . . .	928,202	5,477	10,846	(911,879)
Pupil transportation . . . . .	533,423	9,648	42,045	(481,730)
Operation of non-instructional services:				
Other non-instructional services . . . . .	53,035	-	67,438	14,403
Food service operations . . . . .	364,659	251,283	113,211	(165)
Extracurricular activities . . . . .	288,957	76,249	6,165	(206,543)
Interest and fiscal charges . . . . .	8,197	-	-	(8,197)
<b>Totals . . . . .</b>	<b>\$ 10,557,720</b>	<b>\$ 837,603</b>	<b>\$ 1,878,958</b>	<b>(7,841,159)</b>

**General Revenues:**

Property taxes levied for:

General purposes . . . . .	3,670,662
Capital outlay . . . . .	466,985
Grants and entitlements not restricted	
to specific programs . . . . .	4,552,495
Payment in lieu of taxes . . . . .	85,000
Investment earnings . . . . .	2,386
Miscellaneous . . . . .	3,476

Total general revenues . . . . . 8,781,004

Change in net assets . . . . . 939,845

**Net assets at beginning of year (restated) . . . . .** 6,489,797

**Net assets at end of year . . . . .** \$ 7,429,642

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 1,288,623	\$ 465,263	\$ 423,152	\$ 2,177,038
Receivables:				
Property taxes. . . . .	4,032,748	482,879	-	4,515,627
Intergovernmental. . . . .	-	-	629,089	629,089
Interfund loans . . . . .	104,547	-	-	104,547
Prepayments. . . . .	9,780	-	316	10,096
Materials and supplies inventory. . . . .	15,644	-	11,197	26,841
Loans to other funds. . . . .	34,792	-	-	34,792
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	430	-	-	430
Total assets . . . . .	<u>\$ 5,486,564</u>	<u>\$ 948,142</u>	<u>\$ 1,063,754</u>	<u>\$ 7,498,460</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 12,840	\$ 323	\$ 8,847	\$ 22,010
Contracts payable. . . . .	-	24,000	-	24,000
Accrued wages and benefits. . . . .	505,908	-	53,195	559,103
Compensated absences payable . . . . .	75,647	-	-	75,647
Pension obligation payable . . . . .	171,693	-	52,691	224,384
Intergovernmental payable . . . . .	33,719	-	2,773	36,492
Interfund loans payable. . . . .	-	-	104,547	104,547
Loans from other funds . . . . .	-	-	34,792	34,792
Deferred revenue . . . . .	184,813	22,129	412,626	619,568
Unearned revenue. . . . .	3,199,889	383,144	-	3,583,033
Total liabilities. . . . .	<u>4,184,509</u>	<u>429,596</u>	<u>669,471</u>	<u>5,283,576</u>
<b>Fund Balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	15,644	-	11,197	26,841
Prepays. . . . .	9,780	-	316	10,096
Long-term loans. . . . .	34,792	-	-	34,792
Restricted:				
Debt service . . . . .	-	-	183,836	183,836
Capital improvements . . . . .	-	518,546	-	518,546
Food service operations . . . . .	-	-	66,708	66,708
Migrant program . . . . .	-	-	76,889	76,889
Non-public schools . . . . .	-	-	227	227
Extracurricular. . . . .	-	-	14,218	14,218
School bus purchases . . . . .	430	-	-	430
Other purposes. . . . .	-	-	79,019	79,019
Assigned:				
Student instruction . . . . .	9,787	-	-	9,787
Student and staff support. . . . .	64,437	-	-	64,437
Uniform school supplies . . . . .	16,625	-	-	16,625
Public school support . . . . .	24,623	-	-	24,623
Other purposes. . . . .	6,429	-	-	6,429
Unassigned (deficit) . . . . .	1,119,508	-	(38,127)	1,081,381
Total fund balances . . . . .	<u>1,302,055</u>	<u>518,546</u>	<u>394,283</u>	<u>2,214,884</u>
Total liabilities and fund balances . . . . .	<u>\$ 5,486,564</u>	<u>\$ 948,142</u>	<u>\$ 1,063,754</u>	<u>\$ 7,498,460</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, 2011

<b>Total governmental fund balances</b>		\$	2,214,884
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			5,395,451
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	206,942	
Intergovernmental receivable		412,626	
Total		412,626	619,568
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		115,584	
Capital lease obligations		684,677	
Total		800,261	(800,261)
<b>Net assets of governmental activities</b>		\$	7,429,642

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, 2011

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 3,642,536	\$ 465,091	\$ -	\$ 4,107,627
Tuition . . . . .	389,135	-	4,420	393,555
Charges for services . . . . .	-	-	251,283	251,283
Earnings on investments . . . . .	2,386	-	344	2,730
Extracurricular . . . . .	24,637	-	90,054	114,691
Classroom materials and fees . . . . .	76,754	-	-	76,754
Rental income . . . . .	1,320	-	-	1,320
Contributions and donations . . . . .	-	-	7,281	7,281
Other local revenues . . . . .	3,476	-	83	3,559
Payment in lieu of taxes . . . . .	85,000	-	-	85,000
Intergovernmental - State . . . . .	4,684,573	88,816	330,232	5,103,621
Intergovernmental - Federal . . . . .	-	-	915,624	915,624
Total revenues . . . . .	<u>8,909,817</u>	<u>553,907</u>	<u>1,599,321</u>	<u>11,063,045</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,933,571	128,606	228,632	5,290,809
Special . . . . .	498,710	-	359,451	858,161
Vocational . . . . .	5,731	-	-	5,731
Other . . . . .	4,026	-	-	4,026
Support services:				
Pupil . . . . .	331,091	5,383	263,094	599,568
Instructional staff . . . . .	141,531	-	62,393	203,924
Board of education . . . . .	52,983	-	-	52,983
Administration . . . . .	787,045	-	83,571	870,616
Fiscal . . . . .	303,397	7,889	-	311,286
Operations and maintenance . . . . .	726,117	758,141	11,060	1,495,318
Pupil transportation . . . . .	493,773	50,679	24,289	568,741
Operation of non-instructional services:				
Other non-instructional services . . . . .	-	-	52,513	52,513
Food service operations . . . . .	-	-	340,382	340,382
Extracurricular activities . . . . .	257,725	-	98,730	356,455
Facilities acquisition and construction . . . . .	-	74,118	-	74,118
Debt service:				
Principal retirement . . . . .	15,966	52,502	-	68,468
Interest and fiscal charges . . . . .	3,327	4,870	-	8,197
Total expenditures . . . . .	<u>8,554,993</u>	<u>1,082,188</u>	<u>1,524,115</u>	<u>11,161,296</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>354,824</u>	<u>(528,281)</u>	<u>75,206</u>	<u>(98,251)</u>
Extraordinary item - insurance proceeds . . . . .	-	580,848	-	580,848
Net change in fund balances . . . . .	354,824	52,567	75,206	482,597
<b>Fund balances at beginning of year (restated).</b>	947,231	465,979	319,077	1,732,287
<b>Fund balances at end of year.</b>	<u>\$ 1,302,055</u>	<u>\$ 518,546</u>	<u>\$ 394,283</u>	<u>\$ 2,214,884</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, 2011

<b>Net change in fund balances - total governmental funds</b>	\$	482,597
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital asset additions	\$ 252,746	
Current year depreciation	<u>(326,179)</u>	
Total		(73,433)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	30,020	
Intergovernmental	<u>404,500</u>	
Total		434,520
 Repayment of capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		68,468
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>27,693</u>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>939,845</u></b>

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 3,504,185	\$ 3,689,940	\$ 3,575,298	\$ (114,642)
Tuition. . . . .	339,693	382,717	389,135	6,418
Earnings on investments . . . . .	2,302	2,299	2,386	87
Extracurricular. . . . .	22,879	22,850	21,416	(1,434)
Classroom materials and fees . . . . .	23,125	23,061	47,003	23,942
Rental income . . . . .	5,062	5,060	1,320	(3,740)
Contributions and donations . . . . .	250	250	-	(250)
Other local revenues . . . . .	6,859	6,927	2,516	(4,411)
Intergovernmental - intermediate . . . . .	85,115	85,000	85,000	-
Intergovernmental - state . . . . .	4,408,597	4,593,731	4,663,634	69,903
Total revenues . . . . .	<u>8,398,067</u>	<u>8,811,835</u>	<u>8,787,708</u>	<u>(24,127)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,982,456	4,765,199	4,951,482	(186,283)
Special. . . . .	684,077	637,319	527,845	109,474
Vocational. . . . .	8,819	8,590	8,269	321
Other. . . . .	4,004	4,367	4,026	341
Support services:				
Pupil. . . . .	436,101	366,994	364,397	2,597
Instructional staff . . . . .	145,293	154,188	147,599	6,589
Board of education . . . . .	56,880	59,918	58,024	1,894
Administration. . . . .	947,293	896,273	882,814	13,459
Fiscal . . . . .	362,461	357,809	311,115	46,694
Operations and maintenance. . . . .	827,500	810,852	778,451	32,401
Pupil transportation . . . . .	529,325	535,437	522,745	12,692
Central. . . . .	7	7	-	7
Extracurricular activities. . . . .	223,973	257,689	256,976	713
Total expenditures . . . . .	<u>9,208,188</u>	<u>8,854,642</u>	<u>8,813,743</u>	<u>40,899</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(810,121)</u>	<u>(42,807)</u>	<u>(26,035)</u>	<u>16,772</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's receipts. . . . .	-	(243)	(243)	-
Transfers (out). . . . .	-	(106)	(106)	-
Advances in. . . . .	7,700	15,000	76,533	61,533
Advances (out) . . . . .	-	(104,561)	(104,547)	14
Total other financing sources (uses) . . . . .	<u>7,700</u>	<u>(89,910)</u>	<u>(28,363)</u>	<u>61,547</u>
Net change in fund balance . . . . .	(802,421)	(132,717)	(54,398)	78,319
<b>Fund balance at beginning of year (restated).</b>	1,154,996	1,154,996	1,154,996	-
<b>Prior year encumbrances appropriated . . .</b>	46,582	46,582	46,582	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 399,157</u>	<u>\$ 1,068,861</u>	<u>\$ 1,147,180</u>	<u>\$ 78,319</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, 2011

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and cash equivalents . . . . .	\$ 114,084	\$ 62,591
Receivables:		
Accrued interest. . . . .	8	-
Total assets. . . . .	114,092	\$ 62,591
<b>Liabilities:</b>		
Due to students. . . . .	-	\$ 62,591
Total liabilities . . . . .	-	\$ 62,591
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	114,092	
Total net assets . . . . .	\$ 114,092	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 392
Total additions. . . . .	392
<b>Deductions:</b>	
Scholarships awarded . . . . .	7,010
Total deductions . . . . .	7,010
Change in net assets. . . . .	(6,618)
<b>Net assets at beginning of year (restated).</b>	120,710
<b>Net assets at end of year. . . . .</b>	\$ 114,092

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, 2011**

**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 455<sup>th</sup> largest in the State of Ohio among 918 public and community schools in terms of enrollment. It is staffed by 77 classified employees, 75 certified teaching personnel and 13 administrative employees who provide services to 1,088 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) guidance issued on or before November 30, 1989, to its governmental activities provided it does not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. 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, 2011**

**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 2011, the District paid \$17,202 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 2011, 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. Financial information is available from the North Point Educational Service Center (fiscal agent), at 2900 S. Columbus Avenue, Sandusky, Ohio 44870.

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Penta Career Center

Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio operated under the direction of a nine member Board of Education consisting of a representative from the participating school districts' elected Boards. The Board consists of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg and Rossford; one representative from each of the three least populous counties: Fulton, Ottawa, and Sandusky; and one representative from each of the most populous counties: Lucas and Wood. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Carrie Herringshaw, who serves as Treasurer, 9301 Buck Road, Perrysburg, Ohio 43551-4594.

*INSURANCE PURCHASING POOLS*

Ohio School Boards Association Workers' Compensation Group Rating Plan (the "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 "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 Consortium, Shane E. Baumgardner, Treasurer of Danbury Local School District, 9451 E. Harbor Road, Lakeside, Ohio 43440.

Schools of Ohio Risk Sharing Authority ("SORSA")

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 \$37,945 for these services to SORSA in fiscal year 2011.

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

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

Permanent improvement fund - A fund provided to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements, as are authorized by Chapter 5705, Revised Code.

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

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

**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, 2011

**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 Nonexchange Transactions* - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

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

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

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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 2011 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 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 Commissioners waived this requirement for 2011.
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 July 1, 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 2011.
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 comparisons 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.
6. 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. However, the District elected to budget these temporary resources anyway.

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

7. 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.
8. 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, 2011; 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.
9. 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. 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.

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

The District has invested funds in STAR Ohio during fiscal year 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2011.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$2,386, which includes \$909 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.

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**G. Inventory**

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

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

**H. Capital Assets**

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

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 2011, 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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
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 "loans to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net assets.

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

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

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

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave 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.

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. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2011, 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 sick leave 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 sick leave payments has been calculated using pay rates in effect at June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable 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 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. Capital leases are recognized as a liability on the fund financial statements when due.

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**L. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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 food service fund (a nonmajor governmental fund) and school bus purchases.

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

**N. 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. Restricted Assets**

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

**R. 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. There were no interfund transfers during fiscal year 2011.



**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2011, the District had an extraordinary item for the receipt of insurance proceeds due to flood damage at the District's elementary school. The proceeds amounted to \$580,848, which is reported on the statement of revenues, expenditures and changes in fund balances. The District had no special items during fiscal year 2011.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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

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

**B. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54.

Fund reclassifications are also required to report a fund previously reported as a private purpose trust fund as a nonmajor special revenue fund. The contributions received by this fund are designed to cover all costs associated with the District's virtual learning program. Since the contributions and costs are associated with District programs this fund should be reported as a governmental fund rather than a private purpose trust fund.

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

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

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

These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 923,226	\$ 465,979	\$ 313,071	\$ 1,702,276
Fund reclassifications:				
Uniform school supplies fund	20,007	-	(20,007)	-
Public school support fund	3,998	-	(3,998)	-
VLA program fund	-	-	30,011	30,011
Total fund reclassifications	<u>24,005</u>	<u>-</u>	<u>6,006</u>	<u>30,011</u>
Restated fund balance at July 1, 2010	<u>\$ 947,231</u>	<u>\$ 465,979</u>	<u>\$ 319,077</u>	<u>\$ 1,732,287</u>

The fund reclassifications had the following effect on the governmental activities and private purpose trust funds net assets as previously reported:

	<u>Governmental Activities</u>	<u>Private Purpose Trust Funds</u>
Net assets at June 30, 2010	\$ 6,459,786	\$ 150,721
Fund reclassification	<u>30,011</u>	<u>(30,011)</u>
Restated net assets at July 1, 2010	<u>\$ 6,489,797</u>	<u>\$ 120,710</u>

**C. Budgetary Prior Period Adjustment**

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

**Budgetary Basis**

	<u>General Fund</u>
Balance at June 30, 2010	\$ 1,154,060
Funds budgeted elsewhere	<u>936</u>
Restated balance at July 1, 2010	<u>\$ 1,154,996</u>

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**D. Deficit Fund Balances**

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Education jobs	\$ 1,763
IDEA Part-B	31,217
Title I - disadvantaged children	4,570
IDEA preschool	553
Improving teacher quality	24

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

The deficit fund balances in the education jobs, IDEA Part-B, Title I - disadvantaged children, IDEA preschool and improving teacher quality funds resulted 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 monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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, 2011, the District had \$5,095 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, 2011, the carrying amount of all District deposits was \$2,132,867. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$1,649,476 of the District's bank balance of \$2,258,446 was exposed to custodial risk as discussed below, while \$608,970 was covered by the FDIC.

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**C. Investments**

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	<u>\$ 216,181</u>	<u>\$ 216,181</u>

*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. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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

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

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 216,181</u>	<u>100.00</u>

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

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

**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 note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,132,867
Investments	216,181
Cash on hand	<u>5,095</u>
 Total	 <u>\$ 2,354,143</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 2,177,468
Private-purpose trust fund	114,084
Agency fund	<u>62,591</u>
 Total	 <u>\$ 2,354,143</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

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

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 104,547</u>

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, 2011 are reported on the statement of net assets.

**B.** Long-term loans to/from other funds at June 30, 2011 as reported on the fund statements, consisted of the following:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$34,792</u>

Loans to and from other funds are long-term loans and are not expected to be repaid within one year.

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

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

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

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

The District receives property taxes from Sandusky and Ottawa Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$648,121 in the general fund and \$77,606 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$580,883 in the general fund and \$75,016 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 145,771,500	96.49	\$ 146,684,160	96.73
Public utility personal	4,913,370	3.25	4,956,000	3.27
Tangible personal property	<u>389,130</u>	<u>0.26</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 151,074,000</u>	<u>100.00</u>	<u>\$ 151,640,160</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$50.10		\$49.75	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2011 consisted of property taxes, 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	\$ 4,515,627
Intergovernmental	<u>629,089</u>
Total	<u>\$ 5,144,716</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  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 8 - CAPITAL ASSETS**

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

	<u>Balance</u> <u>06/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/11</u>
<b>Governmental activities:</b>				
<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	593,906	5,285	-	599,191
Buildings and improvements	9,013,488	146,499	-	9,159,987
Furniture and equipment	1,420,953	50,283	-	1,471,236
Vehicles	<u>875,090</u>	<u>50,679</u>	<u>-</u>	<u>925,769</u>
Total capital assets, being depreciated:	<u>11,903,437</u>	<u>252,746</u>	<u>-</u>	<u>12,156,183</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(519,160)	(8,618)	-	(527,778)
Buildings and improvements	(4,393,710)	(201,470)	-	(4,595,180)
Furniture and equipment	(1,122,808)	(66,251)	-	(1,189,059)
Vehicles	<u>(573,391)</u>	<u>(49,840)</u>	<u>-</u>	<u>(623,231)</u>
Total accumulated depreciation	<u>(6,609,069)</u>	<u>(326,179)</u>	<u>-</u>	<u>(6,935,248)</u>
Governmental activities capital assets, net	<u>\$ 5,468,884</u>	<u>\$ (73,433)</u>	<u>\$ -</u>	<u>\$ 5,395,451</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 147,082
Special	738
Vocational	3,333

Support services:

Pupil	6,726
Instructional staff	10,561
Board of education	4,684
Administration	38,856
Fiscal	435
Operations and maintenance	20,524
Pupil transportation	56,518
Extracurricular activities	6,654
Food service operations	<u>30,068</u>
Total depreciation expense	<u>\$ 326,179</u>

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

In prior fiscal years, the District entered into capitalized leases for copier and computer equipment. These lease agreements met the criteria of a capital lease as defined by generally accepted accounting principles, 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.

Computer equipment in the amount of \$256,274 has not been capitalized since the assets do not meet the District's capitalization threshold. A liability of \$82,758 at June 30, 2011 has been recorded on the statement of net assets. Principal and interest payments in fiscal year 2011 total \$52,502 and \$4,870, respectively, paid by the permanent improvement fund.

Capital assets acquired by lease have been originally capitalized in the amount of \$79,288 which represents the present value of the future minimum lease payments at the time of acquisition. A liability of \$32,826 at June 30, 2011 has been recorded in the statement of net assets. Accumulated depreciation as of June 30, 2011 was \$51,235, leaving a current book value of \$28,053. Principal and interest payments in fiscal year 2011 totaled \$15,966 and \$3,327, respectively, 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, 2011:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 75,659
2013	<u>44,783</u>
Total minimum lease payments	120,442
Less: Amount representing interest	<u>(4,858)</u>
Total	<u>\$ 115,584</u>

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 10 - LONG-TERM OBLIGATIONS**

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

	Balance Outstanding <u>06/30/10</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/11</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
<u>Other long-term obligations:</u>					
Capital lease obligation	\$ 184,052	\$ -	\$ (68,468)	\$ 115,584	\$ 71,674
Compensated absences	<u>745,366</u>	<u>105,788</u>	<u>(90,830)</u>	<u>760,324</u>	<u>100,020</u>
Total other long-term obligations	<u>\$ 929,418</u>	<u>\$ 105,788</u>	<u>\$ (159,298)</u>	<u>\$ 875,908</u>	<u>\$ 171,694</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).

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$13,831,450 (including available funds of \$183,836) and an unvoted debt margin of \$151,640.

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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 72.5 days for all employees.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to tort; 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 \$0 deductible	\$ 44,359,196
Inland Marine - Electronic Data Processing Equipment	1,250,000
Inland Marine - Musical Equipment, electronics, uniforms	1,000,000
Inland Marine - Mobile Equipment	10,700
Automobile Liability (\$0 deductible per person/accident)	2,000,000
Medical Payments - per person	5,000
per accident	25,000
General School District Liability	
Per occurrence	2,000,000
General Aggregate Liability	4,000,000
Educators Legal Liability (per occurrence)	2,000,000
Educators Legal Liability (aggregate)	2,000,000

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.

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**B. Medical/Dental Insurance**

The District participates in the San-Ott School Employees Welfare Benefit Association (the "Association"), a public entity shared risk pool consisting of nine local school districts (See Note 2.A). The District pays monthly premiums to the Association for employee medical and dental insurance benefits. The Association is responsible for the management and operation of the program. Upon withdrawal from the Association, 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 Hartford 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.

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**

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$158,327, \$157,032 and \$108,234, respectively; 59.93 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

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

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - PENSION PLANS - (Continued)**

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$620,161, \$585,407 and \$588,045, respectively; 83.88 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$23,961 made by the District and \$17,115 made by the plan members.

**C. Social Security System**

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

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Media/Financial Reports*".

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

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

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

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010 and 2009 were \$43,447, \$29,387 and \$67,235, respectively; 59.93 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$10,189, \$9,338 and \$8,930, respectively; 59.93 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$47,705, \$45,031 and \$45,234, respectively; 83.88 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);



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

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

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (54,398)
Net adjustment for revenue accruals	68,552
Net adjustment for expenditure accruals	195,720
Net adjustment for other sources/uses	28,363
Funds budgeted elsewhere	17,243
Adjustment for encumbrances	99,344
GAAP basis	<u>\$ 354,824</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the special rotary fund, the public school support fund and the District agency fund.

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

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

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

**NOTE 17 - SET-ASIDES**

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ 38,092	\$ -
Current year set-aside requirement	169,678	169,678
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(232,710)	(203,649)
Excess qualified expenditures from prior years	-	-
Current year offsets	-	-
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	-
Total	<u>\$ (24,940)</u>	<u>\$ (33,971)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

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

In addition to the above statutory set-asides, the District also has \$430 in monies restricted for school bus purchases.

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

Amount restricted for school bus purchases	<u>\$ 430</u>
--	---------------

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

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

**NOTE 18 - OTHER COMMITMENTS**

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

<u>Fund</u>	Year-End <u>Encumbrances</u>
General fund	\$ 86,679
Capital projects	132,383
Other governmental	<u>39,480</u>
Total	<u>\$ 258,542</u>

**Woodmore Local School District  
Schedule of Federal Awards Expenditures  
For the Year Ending June 30, 2011**

Federal Grantor/Pass Through Grantor Number/Program Title	CFDA Number	Federal Receipts	Federal Disbursements
<b><u>U.S. Department of Agriculture</u></b>			
Nutrition Cluster:			
Direct Program:			
Non-Cash Assistance			
National School Lunch Program - Food Commodities - Note 2	10.555	\$ 33,999	\$ 33,999
Pass through Ohio Department of Education:			
Breakfast Program	10.553	6,688	6,688
National School Lunch Program	10.555	105,230	105,230
Summer Food Service Program	10.559	9,851	9,851
<b>Total Nutrition Cluster</b>		155,768	155,768
Team Nutrition - FY 10	10.574	-	1,227
<b>Total U.S. Department of Agriculture</b>		155,768	156,995
<b><u>U.S. Department of Education</u></b>			
Pass through Ohio Department of Education			
ESEA Title I, Part C, Migrant Education - State Grant Program			
Title I Migrant Worker - FY 10	84.011	156,625	141,686
Title I Migrant Worker - FY 11	84.011	51,279	85,353
<b>Total Title I - Migrant Education</b>		207,904	227,039
ESEA Title I, Part A, Title I Grants to Local Education Agencies			
Title I - Basic Grant - FY 10	84.010	3,375	382
Title I - Basic Grant - FY 11	84.010	61,849	69,051
ARRA - Title I Basic Grant Stimulus - FY 10	84.389	5,776	3,981
ARRA - Title I Basic Grant Stimulus - FY 11	84.389	8,523	8,523
<b>Total Title I - Grants to Local Education Agencies</b>		79,523	81,937
ARRA Education Stabilization - FY 10	84.394	-	19,229
ARRA Education Stabilization - FY 11	84.394	255,451	225,656
<b>Total ARRA Education Stabilization</b>		255,451	244,885
Special Education Cluster:			
Title VI - B, Special Education - Assistance to States for Education of Handicapped Children			
Special Education Grants to States - FY 10	84.027	17,019	1,399
Special Education Grants to States - FY 11	84.027	214,977	257,404
ARRA - Special Education Grants to States - FY 10	84.391	40,252	-
ARRA - Special Education Grants to States - FY 11	84.391	75,893	75,893
<b>Total Title VI-B Grant to States</b>		348,141	334,696
Title VI, Special Education - Preschool Grants			
Special Education - Preschool Grants - FY 11	84.173	5,143	5,835
ARRA - Special Education Preschool Grants - FY 10	84.392	335	-
<b>Total Title VI - Preschool Grants</b>		5,478	5,835
<b>Total Special Education Cluster</b>		353,619	340,531
Drug - Free School Grant			
Drug - Free School Grant - FY 10	84.186	18	-
Drug - Free School Grant - FY 11	84.186	44	44
<b>Total Drug Free School Grant</b>		62	44
Title II-D Technology - FY11	84.318	29	-
<b>Total Title II-D</b>		29	-
Title II-A			
Improving Teacher Quality - FY 10	84.367	9,714	5,056
Improving Teacher Quality - FY 11	84.367	34,098	36,331
<b>Total Title II-A</b>		43,812	41,387
Education Jobs Fund	84.410	38,631	41,980
<b>Total Education Jobs Fund</b>		38,631	41,980
<b>Total U.S. Department of Education</b>		979,031	977,803
<b>Total Federal Awards</b>		<u>\$1,134,799</u>	<u>\$1,134,798</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

**WOODMORE LOCAL SCHOOL DISTRICT**  
**SANDUSKY COUNTY, OHIO**  
**Notes to the Schedule of Federal Awards Expenditures**  
**For the Year Ended June 30, 2011**

1. **Significant Accounting Policies**

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

2. **Food Distribution**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2011, the District had commodities in inventory recorded in the Food Service Fund.

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

Woodmore Local School District  
Sandusky County  
349 Rice Street  
P.O. Box 701  
Elmore, OH 43416

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodmore Local School District, (District), Sandusky County, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2011, wherein we noted the District implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". 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 Controls Over Financial Reporting**

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

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

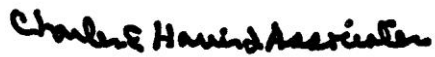
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

### Compliance and Other Matters

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

However, we noted certain matters that we have reported to management of the District in a separate letter dated December 29, 2011.

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



*Charles E. Harris and Associates, Inc.*  
December 29, 2011

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614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
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Fax - (216) 436-2411

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

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Woodmore Local School District  
Sandusky County  
349 Rice Street  
P.O. Box 701  
Elmore, OH 43416

To the Board of Education:

**Compliance**

We have audited the Woodmore Local School District, Sandusky County, Ohio's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's federal programs for the year ended June 30, 2011. The District's major federal programs are 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 each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Woodmore Local School District, Ohio complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

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



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

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

**However, we noted certain matters involving federal compliance not requiring inclusion in this report, that we have reported to management of the District in a separate letter dated December 29, 2011.**

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

*Charles Harris Associates*

**CHARLES E. HARRIS & ASSOCIATES, INC.**  
December 29, 2011

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

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY  
June 30, 2011**

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

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	<i>Special Education Cluster: IDEA B CFDA #84.027 ARRA - IDEA CFDA #84.391 Pre-School Grant CFDA #84.173 ARRA - Pre-School CFDA #84.392</i>
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

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

**WOODMORE LOCAL SCHOOL DISTRICT**  
**SANDUSKY COUNTY**  
**June 30, 2011**

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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

The prior audit report, for the period ending June 30, 2010, reported no material citations or recommendations.

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Fax - (216) 436-2411

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

---

**Independent Accountants' Report on Applying Agreed-Upon Procedure**

Woodmore Local School District  
Sandusky County  
349 Rice Street  
P. O. Box 701  
Elmore, OH 43416

To the Board of Education:

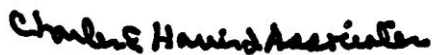
Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Woodmore Local School District has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We noted the Board did not amend its anti-harassment policy to include violence within a dating relationship within its definition of harassment, intimidation or bullying. Ohio Rev. Code Section 3313.666 required the Board to amend its definition by September 28, 2010.

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

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



***Charles E. Harris & Associates, Inc.***  
December 29, 2011

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# Dave Yost • 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  
MARCH 22, 2012**