



**Auditor of State  
Betty Montgomery**



**WOODMORE LOCAL SCHOOL  
SANDUSKY COUNTY**

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**Auditor of State  
Betty Montgomery**

One Government Center  
Suite 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Woodmore Local School District  
Sandusky County  
708 West Main Street  
Woodville, Ohio 43469-1018

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Woodmore Local School District (the District) as of and for the year ended June 20, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Woodmore Local School District, Sandusky County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

January 15, 2003

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**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Combined Balance Sheet  
All Fund Types and Account Groups  
As of June 30, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$681,407	\$206,989	\$274,563	\$351,061
Receivables:				
Accounts	5,416			
Intergovernmental		171,157		
Interfund Receivable	8,345		1,495	
Property & Other Local Taxes	3,542,865		526,833	123,122
Materials and Supplies Inventory	13,853			
Prepaid Items	49,661	199		
Fixed Assets				
Accumulated Depreciation				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of Long-Term Obligations				
Amount to be Provided From General Government Resources				
<b>Total Assets and Other Debits</b>	<b>\$4,301,547</b>	<b>\$378,345</b>	<b>\$802,891</b>	<b>\$474,183</b>



Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$230	\$140,050			\$1,654,300
				5,416
9,216				180,373
				9,840
				4,192,820
9,224				23,077
830				50,690
139,769		\$12,473,719		12,613,488
(112,843)				(112,843)
			\$276,058	276,058
			3,503,341	3,503,341
<b>\$46,426</b>	<b>\$140,050</b>	<b>\$12,473,719</b>	<b>\$3,779,399</b>	<b>\$22,396,560</b>

(Continued)

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Combined Balance Sheet  
All Fund Types and Account Groups  
As of June 30, 2002  
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$85,495	\$27,243		
Contracts Payable				\$59,218
Accrued Wages and Benefits	647,630	11,401		
Compensated Absences Payable	57,460			
Interfund Payable	1,495			
Intergovernmental Payable	233,780	14,470		
Deferred Revenue	3,099,712	67,488	\$446,746	105,024
Due to Students				
Energy Conservation Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	4,125,572	120,602	446,746	164,242
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved for Encumbrances	21,573	23,295		14,974
Reserved for Inventory	13,853			
Reserved for Prepaid Items	49,661			
Reserved for Debt Service Principal			276,058	
Reserved for Property Taxes	443,153		80,087	18,098
Unreserved, Undesignated	(352,265)	234,448		276,869
Total Fund Equity and Other Credits	175,975	257,743	356,145	309,941
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$4,301,547</b>	<b>\$378,345</b>	<b>\$802,891</b>	<b>\$474,183</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
	\$424			\$113,162
				59,218
\$6,225				665,256
9,061			\$612,525	679,046
8,345				9,840
7,936			70,555	326,741
5,889				3,724,859
	46,220			46,220
			125,000	125,000
			2,971,319	2,971,319
<u>37,456</u>	<u>46,644</u>		<u>3,779,399</u>	<u>8,720,661</u>
		\$12,473,719		12,473,719
8,970				8,970
				59,842
				13,853
				49,661
				276,058
				541,338
	93,406			252,458
<u>8,970</u>	<u>93,406</u>	<u>12,473,719</u>		<u>13,675,899</u>
<u>\$46,426</u>	<u>\$140,050</u>	<u>\$12,473,719</u>	<u>\$3,779,399</u>	<u>\$22,396,560</u>

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental and Similar Fiduciary Fund Types  
For the Year Ended June 30, 2002**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Revenues:</b>		
Intergovernmental	\$3,711,268	\$405,945
Interest	39,524	
Tuition and Fees	36,391	
Extracurricular Activities		190,185
Gifts and Donations	6,900	2,046
Customer Services	15,571	
Property and Other Local Taxes	3,639,541	
Miscellaneous		
Total Revenues	7,449,195	598,176
<b>Expenditures:</b>		
Instruction:		
Regular	3,772,480	36,911
Special	710,383	90,078
Vocational	94,807	
Adult/Continuing		
Other	181,746	
Support services:		
Pupils	450,819	59,143
Instructional Staff	184,079	29,931
Board of Education	25,702	
Administration	634,646	64,219
Fiscal	250,087	872
Operation and Maintenance of Plant	653,662	5,201
Pupil Transportation	351,685	5,078
Non-Instructional Services		34,654
Extracurricular activities	200,993	181,234
Capital Outlay		
Debt Service		
Debt Service - Principal	60,000	
Debt Service - Interest	8,680	
Total Expenditures	7,579,769	507,321
Excess of Revenues Over (Under) Expenditures	(130,574)	90,855
<b>Other Financing Sources and Uses</b>		
Operating Transfers In	1,350	54,650
Proceeds from Sale of Fixed Assets	1,546	
Refund of Prior Year Expenditures	71,536	
Other Financing Sources	317	
Operating Transfers Out	(30,819)	(50,207)
Other Financing Uses		(5,191)
Total Other Financing Sources (Uses)	43,930	(748)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(86,644)	90,107
Fund Balance at Beginning of Year	265,473	167,636
Decrease in Reserve for Inventory	(2,854)	
<b>Fund Balance at End of Year</b>	<b>\$175,975</b>	<b>\$257,743</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$50,461	\$12,295 6,481	\$2,078	\$4,179,969 48,083 36,391 190,185 219,848 15,571 4,299,196 14,590
535,316	202,802 124,339 14,590	8,100	15,571 4,299,196 14,590
585,777	360,507	10,178	9,003,833
	17,994	63	3,827,448 800,461 94,807 11,900 181,746
	2,486		509,962 216,496 25,702 698,865 264,116 961,128 356,763 34,654 382,227 20,704
10,659	2,498 302,265		475,000 133,730
415,000 125,050			8,995,709
550,709	345,947	11,963	8,995,709
35,068	14,560	(1,785)	8,124
			56,000 1,546 71,536 317 (81,026) (5,191)
			43,182
35,068	14,560	(1,785)	51,306
321,077	295,381	95,191	1,144,758 (2,854)
<b>\$356,145</b>	<b>\$309,941</b>	<b>\$93,406</b>	<b>\$1,193,210</b>

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual Comparison (Non-GAAP Budgetary Basis)  
All Governmental and Similar Fiduciary Fund Types  
For the Year Ended June 30, 2002**

	General		Variance: Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$3,686,811	\$3,782,488	\$95,677
Interest	44,000	39,524	(4,476)
Tuition and Fees	33,480	33,713	233
Extracurricular Activities			
Gifts and Donations	6,900	6,900	
Customer Deposits	14,862	15,571	709
Property and Other Local Taxes	3,544,804	3,560,027	15,223
Miscellaneous			
Total Revenues	<u>7,330,857</u>	<u>7,438,223</u>	<u>107,366</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	3,847,368	3,793,975	53,393
Special	788,019	780,087	7,932
Vocational	100,815	96,604	4,211
Adult/Continuing			
Other	182,310	182,166	144
Support services:			
Pupils	470,718	467,479	3,239
Instructional Staff	133,947	124,424	9,523
Board of Education	28,974	28,248	726
Administration	661,082	631,004	30,078
Fiscal	257,547	254,330	3,217
Operation and Maintenance of Plant	689,285	668,035	21,250
Pupil Transportation	358,306	355,656	2,650
Non-Instructional Services			
Extracurricular Activities	200,940	199,192	1,748
Capital Outlay			
Debt Service			
Debt Service - Principal	60,000	60,000	
Debt Service - Interest	8,680	8,680	
Total Expenditures	<u>7,787,991</u>	<u>7,649,880</u>	<u>138,111</u>
Excess of Revenues Over (Under) Expenditures	<u>(457,134)</u>	<u>(211,657)</u>	<u>245,477</u>
<b>Other Financing Sources and Uses</b>			
Operating Transfers In	1,350	1,350	
Proceeds from Sale of Fixed Assets	1,545	1,546	1
Refund of Prior Year Expenditures	71,536	71,536	
Advances In	68,245	68,245	
Other Financing Sources	345	317	(28)
Operating Transfers Out	(30,819)	(30,819)	
Advances Out	(8,000)		8,000
Other Financing Uses			
Total Other Financing Sources (Uses)	<u>104,202</u>	<u>112,175</u>	<u>7,973</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(352,932)</u>	<u>(99,482)</u>	<u>253,450</u>
Fund Balances at Beginning of Year	495,113	495,113	
Prior Year Encumbrances Appropriated	105,135	105,135	
<b>Fund Balance at End of Year</b>	<u><b>\$247,316</b></u>	<u><b>\$500,766</b></u>	<u><b>\$253,450</b></u>

Special Revenue			Debt Service		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$474,519	\$311,251	(\$163,268)	\$50,461	50,461	
250,641	190,185	(60,456)			
6,996	2,046	(4,950)			
			518,679	520,181	\$1,502
732,156	503,482	(228,674)	569,140	570,642	1,502
62,990	37,718	25,272			
159,774	90,624	69,150			
107,829	60,071	47,758			
62,667	31,693	30,974			
92,546	64,880	27,666			
3,500	500	3,000	11,000	10,659	341
20,565	4,952	15,613			
22,329	7,151	15,178			
98,261	69,237	29,024			
252,398	209,868	42,530			
			415,000	415,000	
			125,050	125,050	
882,859	576,694	306,165	551,050	550,709	341
(150,703)	(73,212)	77,491	18,090	19,933	1,843
55,419	54,650	(769)			
(51,965)	(50,207)	1,758			
(24,161)	(21,816)	2,345			
	(5,191)	(5,191)			
(20,707)	(22,564)	(1,857)			
(171,410)	(95,776)	75,634	18,090	19,933	1,843
174,637	174,637		254,629	254,629	
76,651	76,651				
<b>\$79,878</b>	<b>\$155,512</b>	<b>\$75,634</b>	<b>\$272,719</b>	<b>\$274,562</b>	<b>\$1,843</b>

(Continued)

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual Comparison (Non-GAAP Budgetary Basis)  
All Governmental and Similar Fiduciary Fund Types  
For the Year Ended June 30, 2002  
(Continued)**

	Capital Projects		Variance: Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$12,295	\$12,295	
Interest		6,481	\$6,481
Tuition and Fees			
Extracurricular Activities			
Gifts and Donations	202,802	202,802	
Customer Deposits			
Property and Other Local Taxes	120,875	121,250	375
Miscellaneous	68,201	68,201	
Total Revenues	404,173	411,029	6,856
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	28,097	28,097	
Special			
Vocational	892		892
Adult/Continuing			
Other			
Support services:			
Pupils			
Instructional Staff	2,486	2,486	
Board of Education			
Administration			
Fiscal	2,600	2,498	102
Operation and Maintenance of Plant	653,675	456,505	197,170
Pupil Transportation			
Non-Instructional Services			
Extracurricular Activities			
Capital Outlay	24,727	23,990	737
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	712,477	513,576	198,901
Excess of Revenues Over (Under) Expenditures	(308,304)	(102,547)	205,757
<b>Other Financing Sources and Uses</b>			
Operating Transfers In			
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Advances In			
Other Financing Sources			
Operating Transfers Out			
Advances Out			
Other Financing Uses			
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(308,304)	(102,547)	205,757
Fund Balances at Beginning of Year	221,962	221,962	
Prior Year Encumbrances Appropriated	165,954	165,954	
<b>Fund Balance at End of Year</b>	<b>\$79,612</b>	<b>\$285,369</b>	<b>\$205,757</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*



Expendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$3,530	\$2,078	(\$1,452)	\$4,224,086	\$4,156,495	(\$67,591)
			47,530	48,083	553
			33,480	33,713	233
			250,641	190,185	(60,456)
11,000	8,100	(2,900)	227,698	219,848	(7,850)
			14,862	15,571	709
			4,184,358	4,201,458	17,100
			68,201	68,201	
14,530	10,178	(4,352)	9,050,856	8,933,554	(117,302)
3,080	63	3,017	3,941,535	3,859,853	81,682
			947,793	870,711	77,082
			101,707	96,604	5,103
21,589	11,900	9,689	21,589	11,900	9,689
			182,310	182,166	144
			578,547	527,550	50,997
			199,100	158,603	40,497
			28,974	28,248	726
			753,628	695,884	57,744
			274,647	267,987	6,660
			1,363,525	1,129,492	234,033
			380,635	362,807	17,828
			98,261	69,237	29,024
			453,338	409,060	44,278
			24,727	23,990	737
			475,000	475,000	
			133,730	133,730	
24,669	11,963	12,706	9,959,046	9,302,822	656,224
(10,139)	(1,785)	8,354	(908,190)	(369,268)	538,922
			56,769	56,000	(769)
			1,545	1,546	1
			71,536	71,536	
			68,245	68,245	
			345	317	(28)
			(82,784)	(81,026)	1,758
			(32,161)	(21,816)	10,345
				(5,191)	(5,191)
			83,495	94,802	11,307
(10,139)	(1,785)	8,354	(824,695)	(274,466)	550,229
95,190	95,190		1,146,341	1,146,341	
			347,740	347,740	
<b>\$85,051</b>	<b>\$93,405</b>	<b>\$8,354</b>	<b>\$669,386</b>	<b>\$1,219,615</b>	<b>\$550,229</b>

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Combined Statement of Revenues, Expenses and  
Changes in Retained Earnings  
Proprietary Fund Type  
For the Year Ended June 30, 2002**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Revenues:</b>	
Sales	\$249,811
Total Operating Revenues	249,811
<b>Operating Expenses</b>	
Salaries	112,332
Fringe Benefits	28,307
Purchased Services	3,617
Cost of Sales	151,579
Depreciation	3,387
Other	60
Total Operating Expenses	299,282
Operating Loss	(49,471)
<b>Non-Operating Revenues</b>	
Federal Donated Commodities	17,272
Interest	148
Federal and State Subsidies	43,212
Total Non-Operating Revenues	60,632
Income Before Operating Transfers	11,161
Operating Transfers-In	26,376
Operating Transfers-Out	(1,350)
Net Income	36,187
Retained Earnings at Beginning of Year	(27,217)
<b>Retained Earnings at End of Year</b>	<b>\$8,970</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Combined Statement of Cash Flows  
Proprietary Fund Type  
For the Year Ended June 30, 2002**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$249,811
Cash Payments for Salaries	(111,823)
Cash Payments for Fringe Benefits	(26,496)
Cash Payments for Purchased Services	(3,617)
Cash Payments for Supplies and Materials	(154,273)
Cash Payments for Other Expenses	(175)
Net Cash Used by Operating Activities	(46,573)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash Received from Operating Grants	41,964
Cash Received from Transfers In	26,376
Cash Received from Advances In	6,884
Cash Payments for Transfers Out	(1,350)
Cash Payments for Advances Out	(46,428)
Net Cash Provided by Noncapital Financing Activities	27,446
<b>Cash Flows from Investing Activities:</b>	
Interest Received	148
Net Cash Provided by Investing Activities	148
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Payments for Capital Acquisitions	(3,034)
Net Cash Used by Capital and Related Financing Activities	(3,034)
Net Decrease in Cash and Cash Equivalents	(22,013)
Cash and Cash Equivalents at Beginning of Year	22,243
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$230</b>

(Continued)

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Combined Statement of Cash Flows  
Proprietary Fund Type  
For the Year Ended June 30, 2002  
(Continued)**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>	
Operating Loss	(\$49,471)
<b>Adjustments to Reconcile Operating Loss To Net Cash Used by Operating Activities:</b>	
Depreciation	3,387
Donated Commodities Used During the Year	17,272
(Increase) Decrease in Assets:	
Material and Supplies Inventory	(371)
Prepaid Items	(115)
Increase (Decrease) in Liabilities:	
Accounts Payable	(19,595)
Compensated Absences Payable	284
Intergovernmental Payable	1,027
Accrued Wages and Benefits	1,009
	2,898
Total Adjustments	2,898
<b>Net Cash Used by Operating Activities</b>	<b>(\$46,573)</b>

The Food Service Fund consumed donated commodities with a value of \$17,272.  
The use of these commodities is reflected as an operating expense.

*The notes to the general-purpose financial statements are an integral part of this statement.*

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements  
June 30, 2002**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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 423<sup>rd</sup> largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by thirty-seven classified employees, eighty-three certified teaching personnel, and twelve administrative employees who provide services to 1,196 students and other community members. The District currently operates an elementary school and a middle/high school.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the District 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. There are no component units of the Woodmore Local School District.

The following activity is included within the District's reporting entity:

Solomon Lutheran - Within the District boundaries, Solomon Lutheran is operated as a private school. Current state legislation provides funding to this parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The activity of these monies is reflected as a special revenue fund for financial reporting purposes by the District.

The District is associated with four jointly governed organizations, two insurance pools, and a related organization. These organizations are the Northern Ohio Educational Computer Association, Penta County Career Center, Bay Area Council, Northwest Ohio Educational Research Council, San-Ott Insurance Consortium, Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Harris-Elmore Public Library. Information about these organizations is presented in Notes 17, 18, and 19 to the combined financial statements.

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**Notes to the General-Purpose Financial Statements  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories of governmental, proprietary, and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects and expendable trusts) that are legally restricted to expenditure for specified purposes.

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

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Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Type

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following is the District's proprietary fund type:

Enterprise Funds - Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. The District did not have any nonexpendable trust funds in fiscal year 2002. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, except those accounted for in proprietary funds or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the District, except those accounted for in proprietary funds or trust funds.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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**Notes to the General-Purpose Financial Statements  
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The enterprise funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed by the enterprise fund.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. 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 fiscal 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 the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, interest, tuition, and student fees.

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Used donated commodities are reported as deferred revenue.



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

The accrual basis of accounting is utilized for reporting purposes by the enterprise funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function and fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit, to the Board of Education, a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

By no later than January 20, the Board-adopted budget is filed with the Sandusky County Budget Commission for rate determination.

Estimated Resources

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

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District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2002.

Appropriations

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

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

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and expendable trust funds and reported in the notes to the financial statements for enterprise funds.

Lapsing of Appropriations

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

**D. 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 School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

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During fiscal year 2002, investments were limited to nonnegotiable certificates of deposit, repurchase agreements, and STAR Ohio. Nonnegotiable certificates of deposit and repurchase agreements are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2002.

The District allocates interest according to State statutes. Interest revenue credited to the General Fund during fiscal year 2002 was \$39,524 which included \$20,854 assigned from other District funds.

For purposes of the statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity 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.

**E. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**F. Inventory**

Inventory in governmental funds is stated at cost while inventory in the enterprise funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory in the enterprise funds consists of donated food, purchased food, and school supplies held for resale and are expensed when used.

**G. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the enterprise funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not have any infrastructure.

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 capitalized. Improvements are capitalized.

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Improvements to enterprise fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of eight to twenty years.

**H. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "Interfund Receivables/Payables".

**I. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees after ten years of service with the District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable 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 remainder is reported in the general long-term obligations account group. In the enterprise funds, the entire amount of compensated absences is reported as a fund liability.

**J. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments for these liabilities made more than sixty days after fiscal year end are considered not to have required the use of current available expendable resources. Long-term loans and bonds are reported as liabilities in the general long-term obligations account group until due.

Long-term debt and other obligations financed by the enterprise funds are reported as liabilities in the appropriate fund.

**K. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved, undesignated fund balance indicates

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that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of materials and supplies, prepaid items, debt service, and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

**L. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for enterprise fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

**Entitlements**

General Fund

State Foundation Program  
State Property Tax Relief  
School Bus Purchase Allocation

**Non-Reimbursable Grants**

Special Revenue Funds

Auxiliary Services  
Professional Development  
Education Management Information System  
Disadvantaged Pupil Impact Aid  
Ohio Reads  
Summer Intervention  
Migrant Education  
Eisenhower  
Title VI-B  
Title I  
Title VI  
Drug Free

Capital Projects Funds

SchoolNet/SchoolNet Plus

**Reimbursable Grants**

Special Revenue Fund

E-Rate

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**Notes to the General-Purpose Financial Statements  
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Enterprise Funds  
National School Lunch Program  
Government Donated Commodities

Grants and entitlements were 42 percent of the revenues in the School District's governmental fund types during the 2002 fiscal year.

**M. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**N. Estimates**

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

**O. Total Columns on General-Purpose Financial Statements**

Total columns on the general-purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Deficit Fund Balance**

At June 30, 2002, the Food Service Fund (an Enterprise Fund Type) had deficit cash fund balances of \$6,884. The General fund provides short-term loans (advances) to cover deficit fund cash balances. An interfund payable was recorded in the Food Service Fund to cover this overdraft. Also, an interfund receivable was recorded in the General Fund.

**B. Compliance**

Twenty percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred.

**4. BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the

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budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Enterprise Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the enterprise funds (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental and Similar Fiduciary Fund Types

	Governmental Fund Types				Expendable Trust
	General	Special Revenue	Debt Service	Capital Projects	
GAAP BASIS	(\$86,644)	\$90,107	\$35,068	\$14,560	(\$1,785)
Increase (Decrease) Due To:					
Revenue Accruals:					
Accrued FY 2001 Received in Cash FY 2002	437,597	73,571	64,952	68,620	
Accrued FY 2002, Not Yet Received in Cash	(448,569)	(168,265)	(80,087)	(18,098)	
Expenditure Accruals:					
Accrued FY 2001 Paid in Cash FY 2002	(894,255)	(70,972)		(161,155)	
Accrued FY 2002, Not Yet Paid in Cash	1,024,365	53,114		59,218	
Prepaid Items Accrued in FY 2001	36,966	162			
Prepaid Items Accrued in FY 2002	(49,661)	(199)			
Advances In	68,245				
Advances Out		(21,816)			
Encumbrances Outstanding at Year End (Budget Basis)	(187,526)	(51,478)		(65,692)	
Budget Basis	<u>(\$99,482)</u>	<u>(\$95,776)</u>	<u>\$19,933</u>	<u>(\$102,547)</u>	<u>(\$1,785)</u>

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**5. 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 the Board of Education has identified as not required for use within the current two 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.

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.

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

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and



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6. The State Treasurer's investment pool (STAR Ohio).

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the District had \$120 in undeposited cash on hand which is included on the balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At fiscal year end, the carrying amount of the District's deposits was \$30,382 and the bank balance was \$168,186. Of the bank balance, \$168,186 was covered by federal depository insurance. Although all State 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.

The District's investments are categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investment in STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Reported Amount	Fair Value
Repurchase Agreements	\$622,610	\$622,610	\$622,610
STAR Ohio		1,001,188	1,001,188
Totals	\$622,610	\$1,623,798	\$1,623,798

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements  
June 30, 2002  
(Continued)**

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$1,654,300	
Cash on hand	(120)	
Investments:		
Repurchase Agreements	(622,610)	\$622,610
STAR Ohio	(1,001,188)	1,001,188
GASB Statement No. 3	\$30,382	\$1,623,798

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2002 represent the collection of calendar year 2001 taxes. Real property taxes for 2002 were levied after April 1, 2002, on the assessed values as of January 1, 2002, 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 real and tangible personal property taxes for 2002 were levied after April 1, 2002, on the assessed values as of December 31, 2001, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2002 (other than public utility property) represent the collection of calendar year 2002 taxes. Tangible personal property taxes for 2001 were levied after April 1, 2001, on the value as of December 31, 2001. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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 Counties by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30,

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements  
June 30, 2002  
(Continued)**

2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002, was \$443,153 in the General Fund, \$80,087 in the Bond Retirement debt service fund, and \$18,099 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2001, was \$363,640 in the General Fund, \$64,952 in the Bond Retirement debt service fund, and \$15,009 in the Permanent Improvement capital projects fund.

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second - Half Collections		2002 First - Half Collections	
	Amount	Percent	Amount	Percent
Agriculture/Residential	\$87,835,400	61.03%	\$89,758,790	62.23%
Industrial/Commercial	12,353,140	8.58%	12,493,200	8.66%
Public Industry	9,943,550	6.91%	7,070,820	4.90%
Tangible Personal	33,784,211	23.47%	34,925,347	24.21%
Total Assessed Value	\$143,916,301	100.00%	\$144,248,157	100.00%
Tax rate per \$1,000 of assessed valuation	\$40.70		\$40.70	

**7. RECEIVABLES**

Receivables at June 30, 2002, consisted of property taxes, accounts (student fees, rent, and billings for user charged services), intergovernmental, and interfund receivables. 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 follows:

	Amounts
General Fund	
Taxes	\$3,542,865
Accounts	5,416
Special Revenue Funds	
Intergovernmental	171,157
Debt Service Funds	
Taxes	526,833
Capital Projects Funds	
Taxes	123,122
Enterprise Funds	
Intergovernmental	9,216
Total Receivables	\$4,378,609

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements  
June 30, 2002  
(Continued)**

**8. FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$139,769
Less Accumulated Depreciation	<u>(112,843)</u>
Net Fixed Assets	<u><u>\$26,926</u></u>

A summary of the changes in general fixed assets during fiscal year 2002 follows:

Asset Category	Balance at 06/30/01	Additions	Reductions	Balance at 06/30/02
Land and Improvements	\$497,836			\$497,836
Building and Improvements	8,536,964	\$38,909		8,575,873
Furniture, Fixtures and Equipment	1,808,343	313,566		2,121,909
Vehicles	699,112			699,112
Books	504,821	14,950		519,771
Construction in Progress	95,949		\$36,731	59,218
Totals	<u><u>\$12,143,025</u></u>	<u><u>\$367,425</u></u>	<u><u>\$36,731</u></u>	<u><u>\$12,473,719</u></u>

**9. INTERFUND ASSETS/LIABILITIES**

At June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$8,345	\$1,495
Debt Service Fund		
Bond Retirement Fund	1,495	
Enterprise Funds		
Food Service Fund		8,345
Total All Funds	<u><u>\$9,840</u></u>	<u><u>\$9,840</u></u>

**10. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the District contracted for the following insurance coverages:

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements  
June 30, 2002  
(Continued)**

Coverage provided by Utica National Insurance are as follows:	
Building and Contents/Boiler and Machinery - blanket coverage building and premises, 90% coinsurance	\$21,366,920
Inland Marine-Misc. School equipment per occurrence	500,000
Inland Marine- Musical instruments per occurrence	500,000
Coverage provided by Grange Mutual Casualty are as follows:	
Automobile Liability (\$500 deductible per person/accident)	1,000,000
Medical Payments - per person	5,000
Coverage provided by Great American Insurance are as follows:	
General School District Liability	
Per Occurrence	1,000,000
General Aggregate Limit	1,000,000
Umbrella Liability provided by Selective Insurance Company	
Per Occurrence	2,000,000
Aggregate Limit	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 fiscal year.

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

For fiscal year 2002, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP 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 GRP. 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 GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**11. DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements  
June 30, 2002  
(Continued)**

by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$382,145, \$368,781, and \$222,828, respectively; 90.3 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$37,143, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$55,589, \$39,627, and \$51,966, respectively; 44 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$31,135, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2002, three of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**12. POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS).

**WOODMORE LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
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(Continued)**

Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2002, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$181,016 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,256 million at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000, and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease from 9.8 percent for fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$101,237 for fiscal year 2002.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002, were \$182,946,777, and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**13. OTHER EMPLOYEE BENEFITS**

**A. 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 forty days for classified employees and two hundred sixty-eight days for certified employees. Upon

**WOODMORE LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
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(Continued)**

retirement, payment is made for 25 percent of accumulated unused sick leave credit to a maximum of sixty days for classified employees and sixty-seven days for certified employees.

**B. Health Care Benefits**

The District provides medical and dental insurance to most employees through the San-Ott Insurance Consortium. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. Life insurance and accidental death and dismemberment insurance are provided through Mutual of Omaha Insurance Company.

**14. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	Balance At 6/30/2001	Additions	Reductions	Balance At 6/30/2002
Energy Conservation Loan 1994 5.6%	\$185,000		\$60,000	\$125,000
School Improvement Bonds 1993 Current Interest Bonds 4.6% to 15%	2,650,000		415,000	2,235,000
Capital Appreciation Bonds	669,170	\$67,149		736,319
Total School Improvement Bonds	3,319,170	67,149	415,000	2,971,319
Total Loans and Bonds Payable	3,504,170	67,149	475,000	3,096,319
Compensated Absences Payable	621,312		8,787	612,525
Intergovernmental Payable	59,324	70,555	59,324	70,555
Total General Long-Term Obligations	<u>\$4,184,806</u>	<u>\$137,704</u>	<u>\$543,111</u>	<u>\$3,779,399</u>

Energy Conservation Loan - On May 23, 1994, the School District obtained a loan, in the amount of \$518,109, to provide energy conservation measures for the School District. The loan was obtained for a ten year period, with final maturity in fiscal year 2004. The loan is being retired through the General Fund.

School Improvement General Obligation Bonds - On April 15, 1993, the School District issued \$5,249,826 in voted general obligation bonds for school building improvements. The bonds were issued for a seventeen-year period with final maturity on December 1, 2009. The bonds are being retired through the Bond Retirement debt service fund. The bonds consist of both current interest bonds, par value of \$5,185,000, and capital appreciation bonds, par value of \$54,826. The capital appreciation bonds mature on December 1, 2005, and 2006. The value reported in the General Long-Term Obligations Account Group at June 30, 2002 was \$736,319. The annual accretion of interest is based on the straight line method. Total accreted interest of \$681,493 has been included in the value.

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.



**WOODMORE LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
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(Continued)**

The School District's overall debt margin was \$10,367,160 with an unvoted debt margin of \$144,248 at June 30, 2002.

Principal and interest requirements to retire outstanding general obligation debt at June 30, 2002, were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$495,000	\$110,602	\$605,602
2004	505,000	86,210	591,210
2005	480,000	61,720	541,720
2006	490,000	49,720	539,720
2007	480,000	49,720	529,720
2008 - 2009	880,000	48,873	928,873
	<u>\$3,330,000</u>	<u>\$406,845</u>	<u>\$3,736,845</u>

**15. SET ASIDE REQUIREMENTS**

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 year end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2002.

	<u>Textbooks</u>	<u>Capital Improvements</u>
Balance at June 30, 2001	(\$38,837)	
Current Year Set Aside Requirement	148,937	\$148,937
Qualifying Expenditures	(156,294)	(122,629)
Current Year Offsets		(188,263)
Balance as of June 30, 2002	<u>(\$46,194)</u>	<u>(\$161,955)</u>
Amount Carried Forward to Fiscal Year 2003	<u>(\$46,194)</u>	

The District had offsets and qualifying expenditures during the year that reduced the capital improvements set-aside amounts below zero, the extra amounts may not be used to reduce the set aside requirements for future years. Negative amounts are therefore not presented as being carried forward to next fiscal year.

**16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the District as of and for the fiscal year ended June 30, 2002.

**WOODMORE LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
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(Continued)**

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$230,350	\$19,461	\$249,811
Depreciation Expense	3,387		3,387
Operating Income (Loss)	(60,620)	11,149	(49,471)
Federal Donated Commodities	17,272		17,272
Operating Grants	43,212		43,212
Net Income (Loss)	12,513	23,674	36,187
Fixed Assets:			
Additions	3,034		3,034
Net Working Capital	(18,186)	230	(17,956)
Total Assets	46,196	230	46,426
Total Equity	8,740	230	8,970
Encumbrances Outstanding			
At Year End (Budget Basis)	225	75	300

**17. JOINTLY GOVERNED ORGANIZATIONS**

**A. Northern Ohio Educational Computer Association**

The District is a participant in the Northern Ohio Educational Computer Association (NOECA), which is a computer consortium. NOECA is an association of thirty-eight school districts formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, and the chairman of each of the operating committees. Financial information can be obtained from Betty Schwiefert, who serves as Controller, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

**B. Penta County Career Center**

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

**C. Bay Area Council**

The Bay Area Council was established in 1986 to carry out a cooperative program for the purchase of natural gas among boards of education located in Erie, Huron, Ottawa, Sandusky,

**WOODMORE LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
June 30, 2002  
(Continued)**

Seneca, and Wood Counties. The Bay Area Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member boards of education. The Bay Area Council is governed by a Board of Directors. This Board is elected by an Assembly consisting of a representative from each participating school district. The District paid \$121,967 for these services to the Bay Area Council in fiscal year 2002. Financial information can be obtained from the Erie County Educational Service Center, who serves as Fiscal Agent, 2902 Columbus Avenue, Sandusky, Ohio 44870.

**D. Northwestern Ohio Educational Research Council, Inc.**

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research, serve as a repository for research and legislative materials and provide opportunities for training. The NOERC 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. The District paid \$4,032 for these services to NOERC in fiscal year 2002. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

**18. INSURANCE POOLS**

**A. San-Ott Insurance Consortium**

The San-Ott Insurance Consortium (the Consortium) is a public entity shared risk pool consisting of ten local school districts. The Consortium is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental insurance benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Key Bank, concerning aspects of the administration of the Consortium.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Consortium is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. The District paid \$366,575 for these services to the Consortium in fiscal year 2002. Financial information can be obtained from Jay Valasek, who serves as Treasurer, 1306 Cedar Street, Fremont, Ohio 43420.

**B. Ohio School Boards Association Workers' Compensation Group Rating Plan**

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

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the

**WOODMORE LOCAL SCHOOL DISTRICT  
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**Notes to the General-Purpose Financial Statements  
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(Continued)**

GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**19. 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 School 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.

**20. STATE SCHOOL FUNDING DECISION**

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**21. CONTINGENCIES**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2002.



**Auditor of State  
Betty Montgomery**

One Government Center  
Suite 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Woodmore Local School District  
Sandusky County  
708 West Main Street  
Woodville, Ohio 43469-1018

To the Board of Education:

We have audited the financial statements of Woodmore Local School District (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated January 15, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-10172-001 through 2002-10172-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 15, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 15, 2003.

Woodmore Local School District  
Sandusky County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 15, 2003

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Schedule of Findings  
June 30, 2002**

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

**FINDING NUMBER 2002-10172-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.10 states that money paid into any fund shall be used only for the purposes for which the fund was established. The existence of a deficit fund balance indicates that money from another fund or funds was used to pay the obligations of the fund carrying the deficit balance. The food service fund had a deficit balance of \$6,884 at year end. We recommend the Treasurer monitor cash balances and make transfers or advances from the General Fund as necessary to avoid deficit balances.

**FINDING NUMBER 2002-10172-002**

**Noncompliance Citation**

Ohio Revised Code § 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides two exceptions to the above requirement:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrance, the taxing authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000 the fiscal officer may authorize it to be paid without the affirmation of the taxing authority, if such expenditure is otherwise valid.

Twenty percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and neither of the exceptions provided for were used. After the date of the previous audit (February 14, 2002), the District has implemented "Then and Now" certificates. These certificates have improved the District's certification process. We recommend the District continue the procedures implemented since the previous audit.

**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**Schedule of Prior Audit Findings  
June 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-10172-002	ORC § 5705.41(D)	No	Not Corrected. Repeated as finding number 2002-10172-002.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**WOODMORE LOCAL SCHOOL DISTRICT**

**SANDUSKY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 11, 2003**