



**Auditor of State
Betty Montgomery**

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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 the Woodmore Local School District (the District) as of and for the year ended June 30, 2003, 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 as of June 30, 2003, 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 December 22, 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.

The accompanying federal awards expenditures schedule is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Betty Montgomery
Auditor of State

December 22, 2003

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**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Equity in pooled cash and cash equivalents	\$895,090	\$217,483	\$298,790	\$374,692
Receivables:				
Accounts	5,788			
Intergovernmental	180	331,859		
Property & Other Local Taxes	3,670,667		573,225	122,146
Interfund receivable	65,212		1,495	
Inventory held for resale				
Materials and supplies inventory	13,008			
Prepayments	68,930	223		
Property, plant and equipment (net of accumulated depreciation where applicable)				
Restricted Assets:				
Equity in pooled cash and cash equivalents	62,383			
Other debits:				
Amount available in debt service fund				
Amount to be provided for retirement of general long-term obligations				
Total assets and other debits	\$4,781,258	\$549,565	\$873,510	\$496,838

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$19,208	\$155,476			\$1,960,739
				5,788
10,721			\$1,941	344,701
				4,366,038
				66,707
7,456				7,456
1,538				14,546
1,497				70,650
7,635		\$12,001,097		12,008,732
				62,383
			300,285	300,285
			3,057,458	3,057,458
\$48,055	\$155,476	\$12,001,097	\$3,359,684	\$22,265,483

(Continued)

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$41,373	\$17,529		
Contracts payable				\$22,182
Accrued wages and benefits	705,583	2,962		
Compensated absences payable	9,243			
Interfund payable	1,495	38,223		
Deferred revenue	3,160,670	331,859	\$485,525	102,086
Intergovernmental payable	159,334	13,548		
Due to students				
General obligation bonds payable				
Energy conservation loan payable				
Total liabilities	4,077,698	404,121	485,525	124,268
Equity and other credits:				
Investment in general fixed assets				
Contributed capital				
Retained earnings (deficit)				
Fund balances:				
Reserved for encumbrances	186,010	92,003		139,599
Reserved for materials and supplies inventory	13,008			
Reserved for prepayments	68,930			
Reserved for debt service			300,285	
Reserved for property taxes	509,999		87,700	20,060
unavailable for appropriation				
Reserved for textbooks	62,383			
Unreserved:				
Undesignated	(136,770)	53,441		212,911
Total equity and other credits	703,560	145,444	387,985	372,570
Total liabilities, equity and other credits	\$4,781,258	\$549,565	\$873,510	\$496,838

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$9,707	\$150			\$68,759
				22,182
9,231				717,776
11,182			\$642,274	662,699
21,462	5,527			66,707
5,889				4,086,029
6,244			62,200	241,326
	48,034			48,034
			2,590,210	2,590,210
			65,000	65,000
<u>63,715</u>	<u>53,711</u>		<u>3,359,684</u>	<u>8,568,722</u>
		\$12,001,097		12,001,097
(15,660)				(15,660)
				417,612
				13,008
				68,930
				300,285
				617,759
				62,383
	101,765			231,347
<u>(15,660)</u>	<u>101,765</u>	<u>12,001,097</u>		<u>13,696,761</u>
<u>\$48,055</u>	<u>\$155,476</u>	<u>\$12,001,097</u>	<u>\$3,359,684</u>	<u>\$22,265,483</u>

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Taxes	\$3,846,769	
Tuition	106,991	
Earnings on investments	26,435	
Extracurricular		\$181,873
Other local revenues	191,237	
Gifts and Donations	3,340	3,030
Customer Services	38,044	
Intergovernmental	3,850,636	248,963
Total revenue	8,063,452	433,866
Expenditures:		
Current:		
Instruction:		
Regular	3,739,259	50,563
Special	886,988	96,641
Vocational	100,074	
Other	152,091	
Support services:		
Pupil	397,607	72,964
Instructional staff	27,799	43,786
Board of Education	29,127	
Administration	656,068	63,623
Fiscal	260,985	2,628
Operations and maintenance	579,883	9,450
Pupil transportation	369,053	9,574
Adult/Continuing		
Operation of non-instructional services		52,728
Extracurricular activities	169,363	145,616
Capital outlay		
Debt service:		
Principal retirement	60,000	
Interest and fiscal charges	5,320	
Total expenditures	7,433,617	547,573
Excess of revenues over (under) expenditures	629,835	(113,707)
Other financing sources (uses):		
Operating transfers in		1,405
Operating transfers out	(101,405)	
Total other financing sources (uses)	(101,405)	1,405
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	528,430	(112,302)
Fund balances, July 1	175,975	257,746
Decrease in reserve for inventory	(845)	
Fund balances, June 30	\$703,560	\$145,444

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

<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
\$533,073	\$126,633		\$4,506,475
		\$2,008	106,991
			28,443
			181,873
	5,777	14,801	191,237
			26,948
			38,044
<u>49,664</u>	<u>33,918</u>		<u>4,183,181</u>
<u>582,737</u>	<u>166,328</u>	<u>16,809</u>	<u>9,263,192</u>
	18,634		3,808,456
			983,629
			100,074
			152,091
			470,571
			71,585
			29,127
			719,691
10,614	2,598		276,825
	165,053		754,386
		8,451	378,627
			8,451
			52,728
	17,414		314,979
			17,414
435,000			495,000
105,283			110,603
<u>550,897</u>	<u>203,699</u>	<u>8,451</u>	<u>8,744,237</u>
<u>31,840</u>	<u>(37,371)</u>	<u>8,358</u>	<u>518,955</u>
	100,000		101,405
			(101,405)
	100,000		
31,840	62,629	8,358	518,955
356,145	309,941	93,407	1,193,214
			(845)
<u>\$387,985</u>	<u>\$372,570</u>	<u>\$101,765</u>	<u>\$1,711,324</u>

**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 FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	General		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Intergovernmental	\$3,860,738	\$3,850,457	(\$10,281)
Interest	28,000	26,842	(1,158)
Tuition and Fees	109,418	109,207	(211)
Gifts and Donations	3,150	4,399	1,249
Customer Services	37,000	36,985	(15)
Extracurricular Activities			
Property and Other Local Taxes	<u>3,684,206</u>	<u>3,779,923</u>	<u>95,717</u>
Total revenues	<u>7,722,512</u>	<u>7,807,813</u>	<u>85,301</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,974,069	3,961,629	12,440
Special	904,967	891,361	13,606
Vocational	103,679	102,711	968
Other	175,857	152,952	22,905
Support services:			
Pupil	433,448	385,004	48,444
Instructional staff	138,815	130,669	8,146
Board of Education	45,390	37,577	7,813
Administration	719,599	665,847	53,752
Fiscal	267,982	259,588	8,394
Operations and maintenance	698,520	609,732	88,788
Pupil transportation	377,223	371,213	6,010
Operation of non-instructional services			
Extracurricular activities	178,215	169,675	8,540
Facilities acquisition and construction			
Debt service:			
Principal retirement	60,000	60,000	
Interest and fiscal charges	<u>5,320</u>	<u>5,320</u>	
Total expenditures	<u>8,083,084</u>	<u>7,803,278</u>	<u>279,806</u>
Excess of revenues over (under) expenditures	<u>(360,572)</u>	<u>4,535</u>	<u>365,107</u>
Other financing sources (uses):			
Advances in			
Advances out	(63,749)	(63,749)	
Operating transfers in			
Operating transfers out	(105,000)	(101,405)	3,595
Refund of prior year expenditure	8,473	8,473	
Other Financing Sources	<u>182,863</u>	<u>182,765</u>	<u>(98)</u>
Total other financing sources (uses)	<u>22,587</u>	<u>26,084</u>	<u>3,497</u>
Excess of revenues and other financing sources over (under) expenditures and other financing (uses).	<u>(337,985)</u>	<u>30,619</u>	<u>368,604</u>
Fund balances, July 1	500,764	500,764	
Prior year encumbrances appropriated	<u>187,527</u>	<u>187,527</u>	
Fund balances, June 30	<u>\$350,306</u>	<u>\$718,910</u>	<u>\$368,604</u>

Special Revenue			Debt Service		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$731,657	\$351,105	(\$380,552)	\$46,814	\$49,665	\$2,851
3,910	3,891	(19)			
209,368	181,011	(28,357)			
			569,458	525,458	(44,000)
944,935	536,007	(408,928)	616,272	575,123	(41,149)
76,844	51,506	25,338			
225,250	116,517	108,733			
129,619	79,313	50,306			
114,183	58,943	55,240			
93,062	64,952	28,110			
7,000	3,000	4,000	10,800	10,614	\$186
30,656	9,642	21,014			
33,109	12,600	20,509			
90,318	76,051	14,267			
235,933	203,675	32,258			
			435,000	435,000	
			105,282	105,282	
1,035,974	676,199	359,775	551,082	550,896	186
(91,039)	(140,192)	(49,153)	65,190	24,227	(40,963)
	38,222	38,222			
129,224	1,405	(127,819)			
(85,482)		85,482			
	1,526	1,526			
43,742	41,153	(2,589)			
(47,297)	(99,039)	(51,742)	65,190	24,227	(40,963)
155,513	155,513		274,562	274,562	
51,477	51,477				
\$159,693	\$107,951	(\$51,742)	\$339,752	\$298,789	(\$40,963)

(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 FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)

	Capital Projects		
	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Intergovernmental	\$33,228	\$33,918	\$690
Interest			
Tuition and Fees			
Gifts and Donations	5,777	5,777	
Customer Services			
Extracurricular Activities			
Property and Other Local Taxes	123,395	124,671	1,276
Total revenues	162,400	164,366	1,966
Expenditures:			
Current:			
Instruction:			
Regular	19,672	19,146	\$526
Special			
Vocational	892		892
Other			
Support services:			
Pupil			
Instructional staff			
Board of Education			
Administration			
Fiscal	2,600	2,598	2
Operations and maintenance	451,749	360,517	91,232
Pupil transportation			
Operation of non-instructional services			
Extracurricular activities			
Facilities acquisition and construction	26,412	20,256	6,156
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	501,325	402,517	98,808
Excess of revenues over (under) expenditures	(338,925)	(238,151)	100,774
Other financing sources (uses):			
Advances in			
Advances out			
Operating transfers in		100,000	100,000
Operating transfers out			
Refund of prior year expenditure			
Other Financing Sources			
Total other financing sources (uses)		100,000	100,000
Excess of revenues and other financing sources over (under) expenditures and other financing (uses).	(338,925)	(138,151)	200,774
Fund balances, July 1	285,370	285,370	
Prior year encumbrances appropriated	65,692	65,692	
Fund balances, June 30	\$12,137	\$212,911	\$200,774

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

Expendable Trust			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
			\$4,672,437	\$4,285,145	(\$387,292)
\$1,400	\$2,008	\$608	29,400	28,850	(550)
			109,418	109,207	(211)
8,000	14,800	6,800	20,837	28,867	8,030
			37,000	36,985	(15)
			209,368	181,011	(28,357)
			4,377,059	4,430,052	52,993
9,400	16,808	7,408	9,455,519	9,100,117	(355,402)
			4,070,585	4,032,281	38,304
			1,130,217	1,007,878	122,339
12,000	8,450	3,550	104,571	102,711	1,860
			187,857	161,402	26,455
			563,067	464,317	98,750
			252,998	189,612	63,386
			45,390	37,577	7,813
			812,661	730,799	81,862
			288,382	275,800	12,582
			1,180,925	979,891	201,034
			410,332	383,813	26,519
			90,318	76,051	14,267
			414,148	373,350	40,798
			26,412	20,256	6,156
			495,000	495,000	
			110,602	110,602	
12,000	8,450	3,550	10,183,465	9,441,340	742,125
(2,600)	8,358	10,958	(727,946)	(341,223)	386,723
5,257	5,527	270	5,257	43,749	38,492
			(63,749)	(63,749)	
			129,224	101,405	(27,819)
			(190,482)	(101,405)	89,077
			8,473	8,473	
			182,863	184,291	1,428
5,257	5,527	270	71,586	172,764	101,178
2,657	13,885	11,228	(656,360)	(168,459)	487,901
93,405	93,405		1,309,614	1,309,614	
			304,696	304,696	
\$96,062	\$107,290	\$11,228	\$957,950	\$1,445,851	\$487,901

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS (DEFICIT)
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Enterprise
Operating revenues:	
Sales/charges for services	\$228,481
Total operating revenues	228,481
Operating expenses:	
Salaries	110,897
Fringe Benefits	34,183
Purchased services	5,582
Materials and supplies	9,046
Cost of sales	141,394
Depreciation	19,291
Other	1,049
Total operating expenses	321,442
Operating loss	(92,961)
Nonoperating revenues:	
Operating grants	46,164
Federal commodities	21,760
Interest revenue	407
Total nonoperating revenues	68,331
Net loss	(24,630)
Retained earnings, July 1	8,970
Retained earnings (deficit), June 30	(\$15,660)

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, 2003

	Enterprise
Cash Flows from Operating Activities:	
Cash Received from Customers	\$228,481
Cash Payments for Salaries	(108,217)
Cash Payments for Fringe Benefits	(34,923)
Cash Payments for Purchased Services	(4,947)
Cash Payments for Supplies and Materials	(119,407)
Cash Payments for Other Expenses	(191)
	(39,204)
Net Cash Used by Operating Activities	(39,204)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Operating Grants	44,657
Cash Received from Advances In	13,118
	57,775
Net Cash Provided by Noncapital Financing Activities	57,775
Cash Flows from Investing Activities:	
Interest Received	407
	407
Net Cash Provided by Investing Activities	407
Net Decrease in Cash and Cash Equivalents	18,978
Cash and Cash Equivalents at Beginning of Year	230
Cash and Cash Equivalents at End of Year	\$19,208

(Continued)

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2003
(Continued)

	Enterprise
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	(\$92,961)
Adjustments to Reconcile Operating Loss To Net Cash Used by Operating Activities:	
Depreciation	19,291
Donated Commodities Used During the Year	21,760
(Increase) Decrease in Assets:	
Material and Supplies Inventory	230
Prepaid Items	(667)
Increase (Decrease) in Liabilities:	
Accounts Payable	9,708
Compensated Absences Payable	2,121
Intergovernmental Payable	(1,692)
Accrued Wages and Benefits	3,006
	53,757
Total Adjustments	53,757
Net Cash Used by Operating Activities	(\$39,204)

The Food Service Fund consumed donated commodities with a value of \$21,760. 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, 2003**

1. DESCRIPTION OF THE 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 426th 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 Woodmore Local School 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, an insurance pool, 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, 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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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 2003. 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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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, 2003, but which were levied to finance fiscal year 2004 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

Pursuant to ORC Section 5705.281, the Sandusky County Budget Commissioner has elected to waive the filing of a tax budget by Woodmore School District. However, additional information will likely be required to be submitted to the Sandusky County Auditor in order to determine the effective tax rates for the district.

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 2003.

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 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 2003, 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, 2003.

The District allocates interest according to State statutes. Interest revenue credited to the General Fund during fiscal year 2003 was \$26,435 which included \$12,123 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, 2003, 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 is 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.

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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. 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 twelve 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 at any age.

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.

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

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
- One Net
- Safe School Help Line
- Vocational Agriculture Education
- Vocational Education Summer Migrant Education
- IDEA- B
- Limited English Proficiency
- Title I
- Innovative Education
- Safe and Drug Free Schools and Communities

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Improving Teacher Quality
School Renovation and Idea Technology
Education Technology

Capital Projects Funds
SchoolNet/SchoolNet Plus

Reimbursable Grants
Enterprise Funds
National School Lunch Program
Government Donated Commodities
Summer Food Service Program for Children

Grants and entitlements were 45 percent of the revenues in the District's governmental fund types during the 2003 fiscal year.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by state statute. Fund balance reserves have been established for textbooks and instructional materials. (See note 15).

N. 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.

O. Estimates

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

P. 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.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)**

3. CHANGES IN FINANCIAL STATEMENT PRESENTATION

Correction of Prior Period Error

In fiscal year 2002, accreted interest was calculated to start in 1993 on the District's Capital Appreciation Bonds. The accreted interest should have started in 1994. As a result, the balance for the Capital Appreciation Bonds was overstated. The effect of the correction is as follows:

	General Long-Term Obligation Account Group
Balance as previously reported	\$ 3,779,399
Correction of prior period	(18,647)
Restated balance, July 1, 2002	\$ 3,760,752

In prior years, the District inadvertently capitalized books which did not meet the District's capitalization policy criteria. This change had the following effect on the previously reported fund balances.

	General Fixed Asset Account Group
Fund Balance as previously reported at 6/30/02	\$ 12,473,719
Adjustment	(519,771)
Restated Fund Balance at 7/1/02	\$ 11,953,948

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 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).

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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				
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$ 528,430	\$ (112,302)	\$ 31,840	\$ 62,629	\$ 8,358
<u>Increase (Decrease) Due To:</u>					
Revenue Accruals:					
Accrued FY 2002 Received in Cash FY 2003	448,569	105,273	80,087	18,098	
Accrued FY 2003, Not Yet Received in Cash	(512,977)	(1,605)	(87,700)	(20,060)	
Expenditure Accruals:					
Accrued FY 2002 Paid in Cash FY 2003	(974,704)	(52,915)		(109,936)	
Accrued FY 2003, Not Yet Paid in Cash	844,021	33,843		72,899	
Prepaid Items Accrued in FY 2002					
Prepaid Items Accrued in FY 2003					
Advances In		38,222			5,527
Advances Out	(63,749)				
Encumbrances Outstanding at Year End (Budget Basis)	<u>(238,971)</u>	<u>(109,555)</u>		<u>(161,781)</u>	
Budget Basis	<u>\$ 30,619</u>	<u>\$ (99,039)</u>	<u>\$ 24,227</u>	<u>\$ (138,151)</u>	<u>\$ 13,885</u>

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 deposits 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.

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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
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 \$95 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".

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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 \$992,279 and the bank balance was \$1,032,052. Of the bank balance, \$173,258 was covered by federal depository insurance and \$858,794 was uninsured and uncollateralized as defined by GASB although it was secured by letter of credit and collateral held by third party trustees, pursuant to Section 135.81, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. 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	\$ 415,788	\$ 415,788	\$ 415,788
STAR Ohio		614,960	614,960
Totals	\$ 415,788	\$ 1,030,748	\$ 1,030,748

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:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$ 2,023,122	
Cash on hand	(95)	
Investments:		
Repurchase Agreements	(415,788)	\$ 415,788
STAR Ohio	(614,960)	614,960
GASB Statement No. 3	\$ 992,279	\$ 1,030,748

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

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 2003 represent the collection of calendar year 2002 taxes. Real property taxes for 2003 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 thirty-five percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002, and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2003 (other than public utility property) represent the collection of calendar year 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments 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, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2003 for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003, was \$509,999 in the General Fund, \$87,700 in the Bond Retirement debt service fund, and \$20,060 in the Permanent Improvement capital projects fund. 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.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second - Half Collections		2003 First - Half Collections	
	Amount	Percent	Amount	Percent
Agriculture/Residential	\$ 89,758,790	62.23%	\$ 91,961,580	63.38%
Industrial/Commercial	12,493,200	8.66%	12,384,610	8.54%
Public Industry	7,070,820	4.90%	6,793,060	4.68%
Tangible Personal	34,925,347	24.21%	33,958,855	23.40%
Total Assessed Value	\$ 144,248,157	100.00%	\$ 145,098,105	100.00%
 Tax rate per \$1,000 of assessed valuation	\$ 40.70		\$ 40.70	

7. RECEIVABLES

Receivables at June 30, 2003, 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	\$ 3,670,667
Accounts	5,788
Special Revenue Funds	
Intergovernmental	
Intergovernmental	180
Special Revenue Funds	
Intergovernmental	331,859
Debt Service Funds	
Taxes	573,225
Capital Projects Funds	
Taxes	122,146
Enterprise Funds	
Intergovernmental	10,721
Total Receivables	\$ 4,714,586

8. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2003, follows:

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

Furniture and Equipment	\$ 139,769
Less Accumulated Depreciation	<u>(132,134)</u>
Net Fixed Assets	<u><u>\$ 7,635</u></u>

A summary of the changes in general fixed assets during fiscal year 2003 follows:

Asset Category	Balance at 06/30/02	Additions	Reductions	Balance at 06/30/03
Land and Improvements	\$ 497,836			\$ 497,836
Building and Improvements	8,575,873	\$ 59,218		8,635,091
Furniture, Fixtures, and Equipmen	2,121,909	95,157	\$ 61,821	2,155,245
Vehicles	699,112	53,511	39,698	712,925
Books				
Construction in Progress	59,218		59,218	
Totals	<u><u>\$ 11,953,948</u></u>	<u><u>\$ 207,886</u></u>	<u><u>\$ 160,737</u></u>	<u><u>\$ 12,001,097</u></u>

9. INTERFUND ASSETS/LIABILITIES

At June 30, 2003, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 65,212	\$ 1,495
Special Revenue Funds:		
Vocal Music		702
Migrant Education Grant		8,540
IDEA- Grant		11,852
Innovative Program Grant		8,956
Title VI		3,301
Teacher Quality Grant		4,872
Total Special Revenue Funds		<u>38,223</u>
Debt Service Fund:		
Bond Retirement Fund	1,495	
Expendable Trust Fund:		
Miscellaneous Scholarships		5,527
Enterprise Funds:		
Food Service Fund		21,462
Total All Funds	<u><u>\$ 66,707</u></u>	<u><u>\$ 66,707</u></u>

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

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 2003, the District contracted for the following insurance coverages:

Coverage provided by Utica National Insurance are as follows:

Building and Contents/Boiler and Machinery - blanket coverage building and premises, 90% coinsurance	\$ 26,033,816
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 (\$1,000 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	3,000,000
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.

11. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

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

**WOODMORE LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were respectively; 95 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$525,174 made by the District and \$ 375,701 made by the plan members.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2003, 2002, and 2001 were \$ 565,572, \$ 382,145, and \$ 368,781 respectively; 95 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

B. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$55,754, \$55,589 and \$39,627 respectively; 87 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

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, 2003, 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 District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS 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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal ended June 30, 2002, the board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Stabilization Fund. Effective July 1, 2002, 1 percent of covered payroll will be allocated to the fund. For the District, this amount equaled \$40,398 during fiscal 2003. STRS pays health care benefits from the Health Care Stabilization fund. The balance in the Health Care Stabilization fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$354.697 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

For this fiscal year, employer contributions to fund health care benefits were 5.83 percent of covered payroll. 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 2003, the minimum pay has been established at \$12,400. 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 (the latest information available) were \$182.947 million and the target level was \$274.4 million. At June 30, 2002, (the latest information available) SERS had net assets available for payment of health care benefits of \$335.2 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$74,316 during the 2003 fiscal year.

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 seventy days for classified employees and two hundred eighty-four days for certified employees. Upon retirement, payment is made for 25 percent of accumulated unused sick leave credit to a maximum of sixty-seven and one-half days for classified employees and seventy-one 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 District's long-term obligations during fiscal year 2003 were as follows:

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

	Balance At 6/30/2002	Additions	Reductions	Balance At 6/30/2003
Energy Conservation Loan 1994 5.6%	\$ 125,000		\$ 60,000	\$ 65,000
School Improvement Bonds 1993 Current Interest Bonds 4.6% to 15%	2,235,000		435,000	1,800,000
Capital Appreciation Bonds	717,672	\$ 72,538		790,210
Total School Improvement Bonds	2,952,672	72,538	435,000	2,590,210
Total Loans and Bonds Payable	3,077,672	72,538	495,000	2,655,210
Compensated Absences Payable	612,525	29,749		642,274
Intergovernmental Payable	70,555	62,200	70,555	62,200
Total General Long-Term Obligations	<u>\$3,760,752</u>	<u>\$164,487</u>	<u>\$565,555</u>	<u>\$3,359,684</u>

Energy Conservation Loan - On May 23, 1994, the District obtained a loan, in the amount of \$518,109, to provide energy conservation measures for the 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 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 \$64,826. 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, 2003 was \$790,210. The annual accretion of interest is based on the straight line method. Total accreted interest of \$725,384 has been included in the value.

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

The District's overall debt margin was \$10,768,904 with an unvoted debt margin of \$145,098 at June 30, 2003.

Principal and interest requirements to retire outstanding general obligation debt at June 30, 2003, were as follows:

Fiscal Year	Principal	Interest	Total
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	455,000	36,866	491,866
2009	425,000	12,006	437,006
	<u>\$ 2,835,000</u>	<u>\$ 296,242</u>	<u>\$ 3,131,242</u>

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

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, capital improvements, and budget stabilization during fiscal year 2003.

	<u>Textbooks</u>	<u>Capital Improvements</u>
Balance at June 30, 2002	\$ (46,194)	\$ (161,955)
Current Year Set Aside Requirement	162,269	162,269
Qualifying Expenditures	(53,692)	(60,785)
Current Year Offsets		(222,102)
Balance as of June 30, 2003	<u>\$ 62,383</u>	<u>\$ (282,573)</u>
Cash Balance Carried Forward to Fiscal Year 2004	<u>\$ 62,383</u>	

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 Woodmore Local School District as of and for the fiscal year ended June 30, 2003.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 227,638	\$ 843	\$ 228,481
Depreciation Expense	19,291		19,291
Operating Income (Loss)	(92,961)	843	(92,118)
Federal Donated Commodities	21,760		21,760
Operating Grants	46,164		46,164
Net Income (Loss)	(25,473)	843	(24,630)
Net Working Capital	(9,899)	1,073	(8,826)
Total Assets	46,982	1,073	48,055
Total Equity	(16,733)	1,073	(15,660)
Encumbrances Outstanding At Year End (Budget Basis)	9,172		9,172

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

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. The District paid \$3,606 to NOECA. Financial information can be obtained from Betty Schwiefert, who serves as Controller, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

B. Penta Career Center

The Penta Career Center (Penta) is a distinct political subdivision of the State of Ohio which provides vocational education. Penta operates under the direction of a Board consisting of eleven members, each appointed for a term of two years, to serve the sixteen participating school districts. Six members are appointed during the even number years, one each from the Lucas, Ottawa, and Wood County Educational Service Centers and one each from the Bowling Green, Maumee, and Rossford City 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, 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 \$55,670 for these services to the Bay Area Council in fiscal year 2003. 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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

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 nothing for these services to NOERC in fiscal year 2003. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

18. INSURANCE POOLS

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 \$452,543 to the Consortium. Financial information can be obtained from Jay Valasek, who serves as Treasurer, 1306 Cedar Street, Fremont, Ohio 43420.

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 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 constitutional.

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.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

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, 2003.

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**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Special Education Grants to States	049577-6BSF-2002-P 049577-6BSF-2003-P	84.027
Total Special Education Grants to States		
Title I-Grants to Local Educational Agencies	049577-C1S1-2002 049577-C1S1-2003	84.010
Total Title I-Grants to Local Educational Agencies		
Migrant Education State Grant Program	049577-MGS1-2001 049577-MGS1-2002 049577-MGS1-2003	84.011
Total Migrant Education State Grant Program		
Innovative Educational Program Strategies	049577-C2S1-2001 049577-C2S1-2003	84.298
Total Innovative Educational Program Strategies		
Eisenhower Professional Development State Grants	049577-C2S1-2001 049577-C2S1-2002	84.281
Total Eisenhower Professional Development State Grants		
Safe and Drug-Free Schools and Communities- National C	049577-DRS1-2002 049577-DRS1-2003	84.186
Total Safe and Drug-Free Schools and Communities		
Title VI-R Class Size Reduction	049577-CRS1-2002	84.340
Improving Teacher Quality State Grants	049577-TRS1-2003	84.367
School Renovation, Idea and Technology Grant	049577-ATS3-2002	84.352A
Education Technology State Grant	049577-TJS1-2003	84.318
Total U.S. Department of Education		
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
<u>Nutrition Cluster:</u>		
Food Donation		10.550
National School Lunch Program	49577-LLP4-2002 49577-LLP4-2003	10.555
Total National School Lunch Program		
Summer Food Service Program for Children	049577-24PU-2002	10.559
Total U.S. Department of Agriculture-Nutrition Cluster		
Total Federal Award Expenditures		

The accompanying notes are an integral part of this schedule.

<u>Receipts</u>	<u>Non-cash Receipts</u>	<u>Disbursements</u>	<u>Non-cash Disbursements</u>
\$32,639		\$31,384	
75,787		74,170	
<u>108,426</u>		<u>105,554</u>	
9,353		8,459	
22,135		22,136	
<u>31,488</u>		<u>30,595</u>	
		(1,209)	
63,764		141,802	
27,324		2,568	
<u>91,088</u>		<u>143,161</u>	
(4,077)		812	
6,780		5,816	
<u>2,703</u>		<u>6,628</u>	
		3,233	
(1,234)		1,021	
<u>(1,234)</u>		<u>4,254</u>	
		3,875	
658		12	
<u>658</u>		<u>3,887</u>	
(3,614)			
19,755		13,542	
3,833			
142			
<u>253,245</u>		<u>307,621</u>	
	\$21,670		\$21,670
18,169		18,169	
24,783		24,783	
<u>42,952</u>		<u>42,952</u>	
1,382		1,382	
<u>44,334</u>	<u>21,670</u>	<u>44,334</u>	<u>21,670</u>
<u>\$297,579</u>	<u>\$21,670</u>	<u>\$351,955</u>	<u>\$21,670</u>

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2003

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE D - NEGATIVE RECEIPTS

The negative receipt in the amount of \$1,234 under CFDA No. 84.281 and \$3,614 under CFDA No. 84.340 was made to transfer the remaining funds to CFDA No 84.367 due to the elimination of the programs. The negative receipt under CFDA 84.298 in the amount of \$4,077 was due to a carryover transfer from project year 2002 to project year 2003. The following table presents the transfer transactions:

Program	Program Number	CFDA Number	Transfer In	Transfer Out
Innovative Educational Program Strategies	049577-C2S1-2003	84.298	\$ 5,483	
Innovative Educational Program Strategies	049577-C2S1-2001	84.298		\$ 5,483
Total			<u>5,483</u>	<u>5,483</u>
Improving Teacher Quality State Grants	049577-TRS1-2003	84.367	1,784	
Title VI-R Class Size Reduction	049577-CRS1-2002	84.340	6,405	
Eisenhower Professional Development State Grants	049577-C2S1-2001	84.281		8,189
Total			<u>\$ 8,189</u>	<u>\$ 8,189</u>



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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

Board of Education:

We have audited the financial statements of the Woodmore Local School District (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated December 22, 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 2003-001 and 2003-002.

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 December 22, 2003.

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Woodmore Local School District
Sandusky County
Independent Accountants' Report 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, Board of Education, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

December 22, 2003



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Board of Education:

Compliance

We have audited the compliance of the Woodmore Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 2003-003. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to management of the District in a separate letter dated December 22, 2003.

Internal Control over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 22, 2003.

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



Betty Montgomery
Auditor of State

December 22, 2003

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2003

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Was there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Migrant Education State Grant Program CFDA # 84.011 Special Education Grants to States CFDA #84.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2003-001

Finding for Recovery

Pop machine sales from Woodmore Elementary Student Council were found to have discrepancies in the final account of funds raised. According to the District's records, \$648 was deposited from the pop sales. According to the invoices of pop purchased, however, \$1,256 should have been earned, resulting in a difference of \$608. Ohio Revised Code §9.39 states "all public officials are liable for all public money received or collected by them or by their subordinates under color of office."

**FINDING NUMBER 2003-001
 (Continued)**

In accordance with the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money collected but unaccounted for is hereby issued against Kay Egert, Advisor, William Ott, Treasurer, and Nationwide Agribusiness Insurance Company (their bonding company) jointly and severally, in the amount of six hundred and eight dollars (\$608) and in favor of the Students' Activities Fund.

FINDING NUMBER 2003-002

Finding for Recovery Repaid During Audit

M-Key Marketing, Inc. improperly charged, and had expenditures paid on its behalf by the Spanish Club, a total of \$2,582 for fund raising items the Spanish Club purchased from M-Key Marketing. M-Key should have only charged (and the Spanish Club should have only paid) \$1,349 for the merchandise, a difference of \$1,233.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Ohio Revised Code §9.39; OAG Opinion 80-074.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against M-Key Marketing, Inc., William Ott, Treasurer, and Nationwide Agribusiness Insurance Company (his bonding company) jointly and severally, in the amount of one thousand two hundred and thirty-three dollars (\$1,233) and in favor of the Students' Activities Fund.

The finding for recovery against M-Key Marketing, Inc. was repaid during the audit on October 24, 2003.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2003-003
CFDA Title and Number	84.011
Federal Award Number / Year	049577-MGS1-2002
Federal Agency	US Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Finding

20 USC Sec. 6399 and 34 CFR 200.40 establish the definition of "migratory child" for purposes of determining beneficiaries eligible to participate in the Migrant Program. The District is required to determine participant eligibility and document that determination using the State of Ohio - Department of Education, Title I-Migrant, Certificate of Eligibility (COE) form. The COE form is used to document eligibility information and certify the interviewer's determination of eligibility. The completed form is to be reviewed and approved by the project director prior to being submitting to the Ohio Migrant Education Center (OMEC).

Noncompliance Finding (Continued)

Twenty percent of the Certificates of Eligibility reviewed were not reviewed and signed by the Director. This could lead to an incorrect determination of eligibility. We recommend the Director review and sign all the Certificates of Eligibility for the Migrant Program.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-10172-001	A fund had a deficit cash balance at year end.	Yes	
2002-10172-002	Expenditures were not certified by the Treasurer prior to entering into an obligation to spend money.	Yes	

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 §.315 (c)
JUNE 30, 2003

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-003	The new Treasurer will monitor compliance with this program requirement.	6/30/04	Anne Arnold, Treasurer, effective January 1, 2004



**Auditor of State
Betty Montgomery**

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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 5, 2004**