

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

AUDIT REPORT

For the Year Ended June 30, 2013





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Woodmore Local School District, Sandusky County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Woodmore Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

February 25, 2014

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**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

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

INDEPENDENT AUDITORS' REPORT

Woodmore Local School District
Sandusky County
349 Rice Street
Elmore, Ohio 43416

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Woodmore Local School District, Sandusky County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this include designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Woodmore Local School District, Sandusky County, Ohio, as of June 30, 2013, and the respective changes in financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, during the fiscal year 2013, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information


Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Federal Award Receipts and Expenditures Schedule (schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 31, 2013

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The management's discussion and analysis of the Woodmore Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position of governmental activities increased \$6,633,021 which represents a 93.84% increase from 2012.
- General revenues accounted for \$16,720,335 in revenue or 89.05% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,055,128 or 10.95% of total revenues of \$18,775,463.
- The District had \$12,142,442 in expenses related to governmental activities; \$2,055,128 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$16,720,335 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and classroom facilities fund. The general fund had \$9,088,425 in revenues and \$9,865,672 in expenditures. During fiscal year 2013, the general fund's fund balance decreased \$777,247 from a balance of \$1,130,838 to \$353,591.
- The classroom facilities fund had \$15,721,889 in revenues and other financing sources and \$795,739 in expenditures. During fiscal year 2013, the classroom facilities fund's fund balance increased \$14,926,150 from a balance of zero to \$14,926,150.

Using the Basic Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-55 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2013 and June 30, 2012. Prior year amounts have been adjusted to conform to current year reporting requirement due to the implementation of new GASB requirements.

	Net Position	
	Governmental Activities	Governmental Activities
	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Current and other assets	\$ 28,547,435	\$ 6,715,341
Capital assets, net	<u>6,681,194</u>	<u>5,904,040</u>
Total assets	<u>35,228,629</u>	<u>12,619,381</u>
<u>Liabilities</u>		
Current liabilities	1,166,025	848,991
Long-term liabilities	<u>16,563,592</u>	<u>801,139</u>
Total liabilities	<u>17,729,617</u>	<u>1,650,130</u>
Deferred inflows of resources	<u>3,797,785</u>	<u>3,901,045</u>
Total liabilities and deferred inflows of resources	<u>21,527,402</u>	<u>5,551,175</u>
<u>Net Position</u>		
Net investment in capital assets	5,789,240	5,803,898
Restricted	8,116,444	663,829
Unrestricted (deficit)	<u>(204,457)</u>	<u>600,479</u>
Total net position	<u>\$ 13,701,227</u>	<u>\$ 7,068,206</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets exceeded liabilities and deferred inflows of resources by \$13,701,227. Of this total, \$8,116,444 is restricted in use.

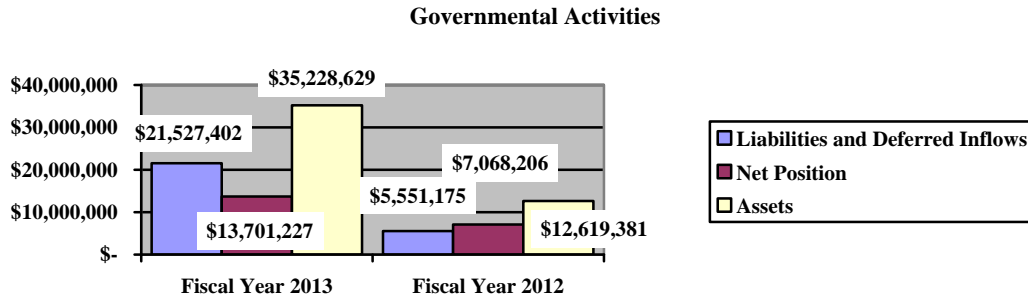
**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

At fiscal year-end, capital assets represented 18.97% of total assets. Capital assets included land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2013, was \$5,789,240. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$8,116,444, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$204,457.

The table below presents the District's governmental activities liabilities and deferred inflows, net position and assets as of June 30, 2013 and June 30, 2012. Prior year amounts have been adjusted to conform to current year reporting requirements due to the implementation of new GASB requirements.



The table below shows the change in net position for fiscal years 2013 and 2012.

	Change in Net Position	
	Governmental Activities 2013	Governmental Activities 2012
Revenues		
Program revenues:		
Charges for services and sales	\$ 975,610	\$ 834,628
Operating grants and contributions	1,079,518	973,339
General revenues:		
Property taxes	5,338,380	4,193,815
Grants and entitlements	11,271,624	4,187,244
Investment earnings	110,331	2,677
Other	-	450
Total revenues	18,775,463	10,192,153

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Change in Net Position	
	Governmental	Governmental
	Activities	Activities
	<u>2013</u>	<u>2012</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 5,323,120	\$ 5,143,465
Special	1,303,635	1,041,374
Vocational	9,851	11,168
Other	4,302	4,164
Support services:		
Pupil	741,629	507,900
Instructional staff	296,868	213,302
Board of education	76,651	66,233
Administration	1,282,150	936,411
Fiscal	354,053	349,363
Operations and maintenance	805,493	1,143,343
Pupil transportation	621,637	564,693
Operation of non instructional services:		
Other non-instructional services	62,368	52,990
Food service operations	372,651	380,616
Extracurricular activities	434,186	133,187
Interest and fiscal charges	298,646	5,380
Bond issuance costs	<u>155,202</u>	<u>-</u>
Total expenses	<u>12,142,442</u>	<u>10,553,589</u>
Change in net position	6,633,021	(361,436)
Net position at beginning of year	<u>7,068,206</u>	<u>7,429,642</u>
Net position at end of year	<u>\$ 13,701,227</u>	<u>\$ 7,068,206</u>

Governmental Activities

Net position of the District's governmental activities increased \$6,633,021. Total governmental expenses of \$12,142,442 were offset by program revenues of \$2,055,128 and general revenues of \$16,720,335. Program revenues supported 16.93% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 88.47% of total governmental revenue.

Grants and entitlements increased \$7,084,380 due to the Districts involvement with the Ohio Facilities Construction Commission and grants associated with building and improving the Districts facilities.

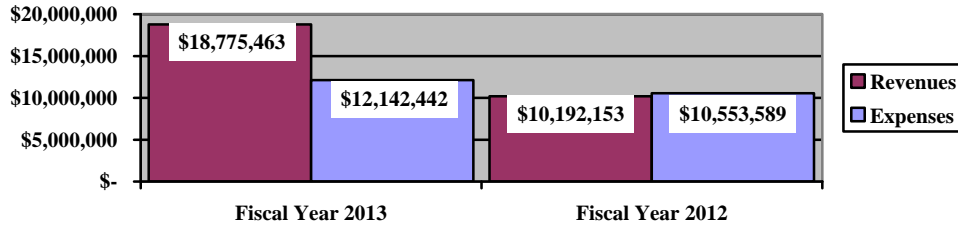
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,640,908 or 54.69% of total governmental expenses for fiscal year 2013.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2013 and 2012.

Governmental Activities - Revenues and Expenses



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

	Governmental Activities			
	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>
Program expenses				
Instruction:				
Regular	\$ 5,323,120	\$ 4,753,281	\$ 5,143,465	\$ 4,701,097
Special	1,303,635	750,903	1,041,374	440,706
Vocational	9,851	8,794	11,168	10,111
Other	4,302	4,302	4,164	1,712
Support services:				
Pupil	741,629	511,936	507,900	392,673
Instructional staff	296,868	251,197	213,302	192,516
Board of education	76,651	76,651	66,233	66,233
Administration	1,282,150	1,262,927	936,411	914,641
Fiscal	354,053	354,053	349,363	349,363
Operations and maintenance	805,493	782,642	1,143,343	1,125,201
Pupil transportation	621,637	570,964	564,693	523,253
Operations of non-instructional services:				
Non-instructional services	62,368	13,553	52,990	(3,143)
Food service operations	372,651	42,697	380,616	25,883
Extracurricular activities	434,186	249,566	133,187	(4)
Interest and fiscal charges	453,848	453,848	5,380	5,380
Total expenses	<u>\$ 12,142,442</u>	<u>\$ 10,087,314</u>	<u>\$ 10,553,589</u>	<u>\$ 8,745,622</u>

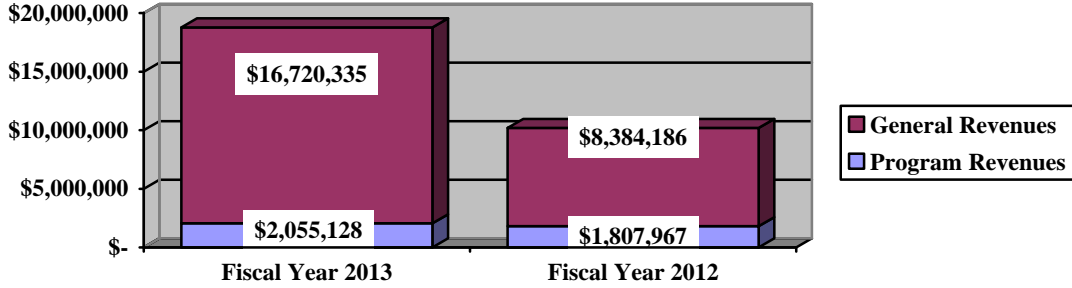
The dependence upon tax and other general revenues for governmental activities is apparent; 83.08% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 83.07%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio as a whole, are by far the primary support for District's students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2013 and 2012.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$16,888,253, which is more than last year's balance of \$1,624,339. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and June 30, 2012.

	Fund Balance <u>June 30, 2013</u>	Fund Balance <u>June 30, 2012</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 353,591	\$ 1,130,838	\$ (777,247)	(68.73) %
Classroom facilities	14,926,150	-	14,926,150	100.00 %
Other governmental	<u>1,608,512</u>	<u>493,501</u>	<u>1,115,011</u>	225.94 %
Total	<u>\$ 16,888,253</u>	<u>\$ 1,624,339</u>	<u>\$ 15,263,914</u>	939.70 %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

General Fund

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

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 4,240,721	\$ 3,734,364	\$ 506,357	13.56 %
Tuition	361,199	362,921	(1,722)	(0.47) %
Earnings on investments	2,322	2,677	(355)	(13.26) %
Intergovernmental	4,368,520	4,404,150	(35,630)	(0.81) %
Other revenues	<u>115,663</u>	<u>104,545</u>	<u>11,118</u>	10.63 %
Total	<u>\$ 9,088,425</u>	<u>\$ 8,608,657</u>	<u>\$ 479,768</u>	5.57 %
<u>Expenditures</u>				
Instruction	\$ 5,999,649	\$ 5,567,841	\$ 431,808	7.76 %
Support services	3,560,108	2,896,285	663,823	22.92 %
Extracurricular activities	269,501	262,346	7,155	2.73 %
Capital outlay	-	88,568	(88,568)	(100.00) %
Debt service	<u>36,414</u>	<u>24,665</u>	<u>11,749</u>	47.63 %
Total	<u>\$ 9,865,672</u>	<u>\$ 8,839,705</u>	<u>\$ 1,025,967</u>	11.61 %

Overall revenues of the general fund increased \$479,768 or 5.57%. Tax revenue increased \$506,357 or 13.56% due mainly the fluctuations in the amount available for advances at the end of the fiscal year. Other revenues increased \$11,118 or 10.63% mainly due to an increase in classroom materials and fees revenues and rental income during the fiscal year. All other revenues remained comparable to prior year.

Overall expenditures of the general fund increased \$1,025,967 or 11.61%. Support services expenditures increased \$663,823 or 22.92% administrative costs and pupil related expenditures. Capital outlay decrease \$88,568 due to the district acquiring no new capital leases during the year. Debt service expenditures increased \$11,749 or 47.63% due to pay the increased cost of the first full year of payments on capital leases acquired in fiscal year 2012.

Classroom Facilities Fund

The classroom facilities fund had \$15,721,889 in revenues and other financing sources and \$795,739 in expenditures. During fiscal year 2013, the classroom facilities fund's fund balance increased \$14,926,150 from a balance of zero to \$14,926,150.

General Fund Budgeting Highlights

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

For the general fund, original budgeted revenues and other financing sources were \$7,801,012 which was less than final budgeted revenues and other financing sources of \$8,465,665. Actual revenues and other financing sources for fiscal year 2013 were \$9,009,285. This represents a \$543,620 increase over final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures) were \$8,824,366, while final appropriations and other financing uses totaled \$9,618,120. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$9,868,611, which was \$250,491 more than the final budget appropriations and other financing uses.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had \$6,681,194 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2013 balances compared to the amount of capital assets at June 30, 2012.

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>
Land	\$ 174,516	\$ 174,516
Construction in progress	829,188	-
Land improvements	70,218	83,146
Building and improvements	5,005,009	4,986,062
Furniture and equipment	254,545	321,898
Vehicles	<u>347,718</u>	<u>338,418</u>
Total	<u>\$ 6,681,194</u>	<u>\$ 5,904,040</u>

The overall increase of capital assets is \$777,154, due to capital asset additions of \$1,167,008 exceeding depreciation expense of \$388,546 and net disposals of \$1,308.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Debt Administration

At June 30, 2013, the District had \$15,811,538 in capital leases and general obligation bonds outstanding. Of this amount \$151,197 is due within one year and \$15,660,341 is due within more than one year. The following table summarizes the debt outstanding.

	Outstanding Debt, at Year End	
	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
Capital lease obligation	\$ 68,149	\$ 127,495
General obligation bonds	<u>15,743,389</u>	<u>-</u>
Total	<u>\$ 15,811,538</u>	<u>\$ 127,495</u>

At June 30, 2013, the District's unvoted debt margin was \$144,346. See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

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

The District has made many budget reductions over the last several years and is continuing to look at all areas to try to save more. The District did not replace 4 retiring teachers along with 1 retiring bus driver, saving approximately \$235,000 in 2011. The current five-year forecast does not show a negative balance until 2016. The District is projected to be in a deficit spending situation beginning in fiscal year 2014 and will need to generate additional revenue or cut more expenses. A 3.95 mil Emergency Levy was passed in May 2011, with collections that started in 2012.

The Strategic Plan that was approved in 2006 is continuing along well. This is a great opportunity for the District to work together with community members, staff, administration and board members to advance the District. Through this process, the District is hoping to improve efficiency, community relations and better the District's performance. Each group has continued to meet regularly and the process continues to move forward.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Kevin Slates, Treasurer, Woodmore Local School District, 349 Rice Street, Elmore, OH 43416.

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 16,954,639
Receivables:	
Property taxes	4,943,285
Accounts.	15,018
Accrued interest	37,836
Intergovernmental	6,560,888
Prepayments	11,688
Materials and supplies inventory.	24,081
Capital assets:	
Land and construction in progress	1,003,704
Depreciable capital assets, net.	5,677,490
Capital assets, net	6,681,194
Total assets.	35,228,629
Liabilities:	
Accounts payable.	8,089
Accrued wages and benefits payable	664,520
Pension obligation payable.	175,303
Intergovernmental payable	57,602
Accrued interest payable	260,511
Long-term liabilities:	
Due within one year.	306,715
Due in more than one year.	16,256,877
Total liabilities	17,729,617
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	3,797,785
Net position:	
Net investment in capital assets	5,789,240
Restricted for:	
Capital projects	7,168,717
Classroom facilities maintenance	44,858
Debt service.	460,881
State funded programs.	5,475
Federally funded programs	338,333
Student activities	32,911
Other purposes	65,269
Unrestricted (deficit).	(204,457)
Total net position.	\$ 13,701,227

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 5,323,120	\$ 443,067	\$ 126,772	\$ (4,753,281)
Special	1,303,635	-	552,732	(750,903)
Vocational	9,851	-	1,057	(8,794)
Other	4,302	-	-	(4,302)
Support services:				
Pupil	741,629	851	228,842	(511,936)
Instructional staff	296,868	-	45,671	(251,197)
Board of education	76,651	-	-	(76,651)
Administration.	1,282,150	-	19,223	(1,262,927)
Fiscal.	354,053	-	-	(354,053)
Operations and maintenance	805,493	20,582	2,269	(782,642)
Pupil transportation.	621,637	16,988	33,685	(570,964)
Operation of non-instructional services:				
Other non-instructional services	62,368	-	48,815	(13,553)
Food service operations	372,651	319,030	10,924	(42,697)
Extracurricular activities.	434,186	175,092	9,528	(249,566)
Interest and fiscal charges	298,646	-	-	(298,646)
Bond issuance costs.	155,202	-	-	(155,202)
Total governmental activities	\$ 12,142,442	\$ 975,610	\$ 1,079,518	(10,087,314)
General revenues:				
Property taxes levied for:				
General purposes				4,359,227
Debt service.				494,477
Capital outlay.				443,785
Special revenue				40,891
Grants and entitlements not restricted to specific programs				4,255,228
Grants and entitlements restricted for Ohio Facilities Construction Commission.				7,016,396
Investment earnings				110,331
Total general revenues				16,720,335
Change in net position				6,633,021
Net position at beginning of year				7,068,206
Net position at end of year.				\$ 13,701,227

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments.	\$ 400,076	\$ 14,926,150	\$ 1,627,983	\$ 16,954,209
Receivables:				
Property taxes.	3,989,173	-	954,112	4,943,285
Accounts	14,616	-	402	15,018
Accrued interest	-	-	37,836	37,836
Interfund loans	117,175	-	-	117,175
Intergovernmental.	-	6,204,347	356,541	6,560,888
Prepayments.	11,688	-	-	11,688
Materials and supplies inventory.	17,249	-	6,832	24,081
Advances to other funds.	36,735	-	-	36,735
Restricted assets:				
Equity in pooled cash and cash equivalents.	430	-	-	430
Total assets	<u>\$ 4,587,142</u>	<u>\$ 21,130,497</u>	<u>\$ 2,983,706</u>	<u>\$ 28,701,345</u>
Liabilities:				
Accounts payable	\$ 5,976	\$ -	\$ 2,113	\$ 8,089
Accrued wages and benefits payable	577,623	-	86,897	664,520
Compensated absences payable	109,747	-	-	109,747
Pension obligation payable	134,358	-	40,945	175,303
Intergovernmental payable	52,035	-	5,567	57,602
Interfund loans payable.	-	-	117,175	117,175
Advance from other funds	-	-	36,735	36,735
Total liabilities.	<u>879,739</u>	<u>-</u>	<u>289,432</u>	<u>1,169,171</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	3,064,639	-	733,146	3,797,785
Delinquent property tax revenue not available.	289,173	-	69,112	358,285
Accrued interest not available	-	-	37,836	37,836
Intergovernmental revenue not available	-	6,204,347	245,668	6,450,015
Total deferred inflows of resources	<u>3,353,812</u>	<u>6,204,347</u>	<u>1,085,762</u>	<u>10,643,921</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	17,249	-	6,832	24,081
Prepays.	11,688	-	-	11,688
Long-term loans.	36,735	-	-	36,735
Restricted:				
Debt service	-	-	686,245	686,245
Capital improvements	-	14,926,150	855,159	15,781,309
Food service operations	-	-	68,221	68,221
Classroom facilities maintenance	-	-	42,135	42,135
Non-public schools	-	-	5,365	5,365
Extracurricular.	-	-	32,911	32,911
School bus purchases	430	-	-	430
Other purposes.	6,429	-	99,139	105,568
Assigned:				
Student instruction	2,192	-	-	2,192
Student and staff support.	18,618	-	-	18,618
Uniform school supplies	21,178	-	-	21,178
Public school support	43,284	-	-	43,284
Unassigned (deficit)	195,788	-	(187,495)	8,293
Total fund balances	<u>353,591</u>	<u>14,926,150</u>	<u>1,608,512</u>	<u>16,888,253</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,587,142</u>	<u>\$ 21,130,497</u>	<u>\$ 2,983,706</u>	<u>\$ 28,701,345</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013

Total governmental fund balances		\$	16,888,253
 <i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			6,681,194
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	358,285	
Accrued interest receivable		37,836	
Intergovernmental receivable		6,450,015	
Total		6,450,015	6,846,136
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(260,511)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(15,743,389)	
Capital lease obligations		(68,149)	
Compensated absences		(642,307)	
Total		(16,453,845)	(16,453,845)
Net position of governmental activities		\$	13,701,227

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 4,240,721	\$ -	\$ 926,868	\$ 5,167,589
Tuition.	361,199	-	1,495	362,694
Charges for services	-	-	319,030	319,030
Earnings on investments	2,322	-	70,320	72,642
Extracurricular.	24,057	-	178,223	202,280
Classroom materials and fees	76,966	-	-	76,966
Rental income	14,640	-	-	14,640
Contributions and donations	-	-	25,935	25,935
Intergovernmental - state	4,368,520	812,049	184,218	5,364,787
Intergovernmental - federal	-	-	635,928	635,928
Total revenues	<u>9,088,425</u>	<u>812,049</u>	<u>2,342,017</u>	<u>12,242,491</u>
Expenditures:				
Current:				
Instruction:				
Regular.	5,190,049	-	36,356	5,226,405
Special	799,024	-	511,708	1,310,732
Vocational	6,274	-	-	6,274
Other	4,302	-	-	4,302
Support services:				
Pupil	568,969	-	144,267	713,236
Instructional staff	181,158	-	60,290	241,448
Board of education	72,934	-	-	72,934
Administration	1,168,176	-	61,782	1,229,958
Fiscal	332,629	-	19,742	352,371
Operations and maintenance	735,892	-	283,791	1,019,683
Pupil transportation	500,350	-	115,847	616,197
Operation of non-instructional services:				
Other non-instructional services.	-	-	67,368	67,368
Food service operations.	-	-	342,086	342,086
Extracurricular activities	269,501	-	162,047	431,548
Facilities acquisition and construction.	-	795,739	39,002	834,741
Debt service:				
Principal retirement.	31,993	-	27,353	59,346
Interest and fiscal charges	4,421	-	147	4,568
Bond issuance costs	-	-	155,202	155,202
Total expenditures	<u>9,865,672</u>	<u>795,739</u>	<u>2,026,988</u>	<u>12,688,399</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(777,247)</u>	<u>16,310</u>	<u>315,029</u>	<u>(445,908)</u>
Other financing sources:				
Sale of bonds.	-	14,909,840	799,982	15,709,822
Total other financing sources	<u>-</u>	<u>14,909,840</u>	<u>799,982</u>	<u>15,709,822</u>
Net change in fund balances	(777,247)	14,926,150	1,115,011	15,263,914
Fund balances at beginning of year.	<u>1,130,838</u>	<u>-</u>	<u>493,501</u>	<u>1,624,339</u>
Fund balances at end of year.	<u>\$ 353,591</u>	<u>\$ 14,926,150</u>	<u>\$ 1,608,512</u>	<u>\$ 16,888,253</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds	\$	15,263,914
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,167,008	
Current year depreciation	(388,546)	
Total		778,462
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(1,308)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	170,791	
Earnings on investments	37,836	
Intergovernmental	6,324,345	
Total		6,532,972
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		59,346
Issuances of bonds are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(15,709,822)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) in accrued interest payable	(260,511)	
Accreted interest on capital appreciation bonds	(33,567)	
Total		(294,078)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		3,535
Change in net position of governmental activities	\$	6,633,021

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 3,552,612	\$ 3,982,128	\$ 4,111,361	\$ 129,233
Tuition.	303,263	328,981	350,960	21,979
Earnings on investments	2,038	2,140	2,358	218
Extracurricular.	17,108	17,966	19,799	1,833
Classroom materials and fees	25,791	27,736	29,847	2,111
Rental income	12,650	13,284	14,640	1,356
Intergovernmental - state	3,768,923	3,974,803	4,361,693	386,890
Total revenues	<u>7,682,386</u>	<u>8,347,038</u>	<u>8,890,658</u>	<u>543,620</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,013,267	4,880,660	5,047,858	(167,198)
Special.	691,857	756,678	779,742	(23,064)
Vocational.	15	6,299	6,498	(199)
Other.	866	4,165	4,310	(145)
Support services:				
Pupil.	415,475	541,947	556,766	(14,819)
Instructional staff	153,753	176,359	178,425	(2,066)
Board of education	56,283	77,003	76,030	973
Administration.	784,231	1,182,608	1,223,718	(41,110)
Fiscal	317,907	333,712	332,689	1,023
Operations and maintenance.	665,360	761,708	769,903	(8,195)
Pupil transportation	464,313	511,700	501,690	10,010
Extracurricular activities.	261,039	258,641	264,342	(5,701)
Total expenditures	<u>8,824,366</u>	<u>9,491,480</u>	<u>9,741,971</u>	<u>(250,491)</u>
Excess of expenditures over revenues.	<u>(1,141,980)</u>	<u>(1,144,442)</u>	<u>(851,313)</u>	<u>293,129</u>
Other financing sources (uses):				
Advances in.	118,627	118,627	118,627	-
Advances (out)	-	(126,640)	(126,640)	-
Total other financing sources (uses)	<u>118,627</u>	<u>(8,013)</u>	<u>(8,013)</u>	<u>-</u>
Net change in fund balance	(1,023,353)	(1,152,455)	(859,326)	293,129
Fund balance at beginning of year	1,064,671	1,064,671	1,064,671	-
Prior year encumbrances appropriated	89,117	89,117	89,117	-
Fund balance (deficit) at end of year.	<u>\$ 130,435</u>	<u>\$ 1,333</u>	<u>\$ 294,462</u>	<u>\$ 293,129</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 99,449	\$ 62,979
Receivables:		
Accrued interest.	15	-
Total assets.	99,464	\$ 62,979
Liabilities:		
Due to students.	-	\$ 62,979
Total liabilities	-	\$ 62,979
Net position:		
Held in trust for scholarships	99,464	
Total net position.	\$ 99,464	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 148
Gifts and contributions	2,500
Total additions	2,648
 Deductions:	
Scholarships awarded	6,000
 Change in net position	(3,352)
Net position at beginning of year	102,816
Net position at end of year	\$ 99,464

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1968. The District serves an area of approximately sixty-seven square miles. It is located in Sandusky and Ottawa Counties and includes all of the Village of Woodville and the Village of Elmore. It is staffed by 38 classified employees, 69 certified teaching personnel and 9 administrative employees who provide services to 1,178 students and other community members. The District currently operates an elementary school and a middle/high school.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among thirty-eight school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two Assembly members from each county in which participating school districts are limited to its representation on the Board. During fiscal year 2013, the District paid \$18,257 to NOECA for services. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Northwestern Ohio Educational Research Council, Inc.

The research council is a jointly governed organization which serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. During fiscal year 2013, the District paid no fees to the Council.

Bay Area Council of Governments (BACG)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Penta Career Center

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

INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan")

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

The San-Ott School Employees Welfare Benefit Association (the "Association")

The District participates in a shared risk pool, with participants from Sandusky and Ottawa counties. The Association is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services. Financial information can be obtained by writing to San-Ott Consortium, Shane E. Baumgardner, Treasurer of Danbury Local School District, 9451 E. Harbor Road, Lakeside, Ohio 43440.

Schools of Ohio Risk Sharing Authority ("SORSA")

The District participates in the Schools of Ohio Risk Sharing Authority (SORSA) which was established in 2002 pursuant to Articles of Incorporation filed under Chapter 1702 of the Ohio Revised Code - Non-profit Corporations and functioning under the authority granted by Section 2744.081 of the Ohio Revised Code. SORSA's purpose is to provide a joint self-insurance pool and to assist member school districts in preventing and reducing losses and injuries to property and persons which might result in claims being made against members of SORSA, their employees or officers. The District paid \$46,593 for these services to SORSA in fiscal year 2013.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

RELATED ORGANIZATION

Harris-Elmore Public Library

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Classroom facilities fund - The classroom facilities capital projects fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Facilities Construction Commission (OFCC) for the building and equipping of classroom facilities.

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

PROPRIETARY FUND

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

D. Basis of Accounting

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

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

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, classroom materials and fees and other local revenues.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2013 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Sandusky County Budget Commission for tax rate determination. The Sandusky County Commissioners waived this requirement for 2013.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2013.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

6. Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid. However, the District elected to budget these temporary resources anyway.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2013; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
9. Unencumbered appropriations lapse at fiscal year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the legal level of budgetary control.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2013, investments were limited to federal agency securities, a repurchase agreement, corporate bonds, municipal bonds, negotiable and nonnegotiable certificates of deposit, money market accounts and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments in STAR Ohio are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2013.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$2,322, which includes \$2,112 assigned from other funds.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

G. Inventory

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2013, the District maintained a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. The District does not possess infrastructure.

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

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

I. Interfund Balances

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2013, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least ten years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Capital leases and general obligation bonds are recognized as a liability on the fund financial statements when due.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

L. Fund Balance

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service operations, the VLA program and school bus purchases.

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

N. Prepayments

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

O. Nonpublic Schools

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

P. Estimates

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

Q. Restricted Assets

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

R. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. The District had no interfund transfers during fiscal year 2013.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had neither type of occurrence during fiscal year 2013.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. For the District, the implementation of GASB Statement No. 65 has changed (1) the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal year, previously reported as liabilities to deferred inflows of resources, (2) the reporting of debt issuance costs to an expense in the period incurred rather than amortized over the term of the related debt issuance.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
VLA program	\$ 10,311
Title I - migrant children	112,638
IDEA part-B	47,405
Title I - disadvantaged children	16,516
IDEA preschool	563
Improving teacher quality	62

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

At June 30, 2013, the District had \$5,095 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$563,723. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$361,702 of the District's bank balance of \$721,533 was exposed to custodial risk as discussed below, while \$359,831 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2013, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturity				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater Than 24 months
Corporate Bonds	\$ 3,994,792	\$ 3,994,792	\$ -	\$ -	\$ -	\$ -
Municipal Bonds	303,711	303,711	-	-	-	-
Negotiable CDs	735,772	244,973	-	490,799	-	-
FHLB	3,715,368	2,114,616	-	-	1,600,752	-
FFCB	3,798,480	-	-	3,798,480	-	-
FHLMC	299,820	-	-	-	-	299,820
FNMA	239,575	-	-	-	-	239,575
Money market funds	2,177,872	2,177,872	-	-	-	-
STAR Ohio	189,730	189,730	-	-	-	-
Repurchase agreement	<u>1,093,129</u>	<u>1,093,129</u>	-	-	-	-
Total	<u>\$ 16,548,249</u>	<u>\$ 10,118,823</u>	<u>\$ -</u>	<u>\$ 4,289,279</u>	<u>\$ 1,600,752</u>	<u>\$ 539,395</u>

The weighted average maturity of investments is 0.64 years.

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

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in corporate bonds were rated A-1 and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in municipal bonds were rated AA+ and Aa1 by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The negotiable and nonnegotiable certificates of deposit, money market funds and repurchase agreement were not rated. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Corporate Bonds	\$ 3,994,792	24.13%
Municipal Bonds	303,711	1.84%
Negotiable CDs	735,772	4.45%
FHLB	3,715,368	22.45%
FFCB	3,798,480	22.95%
FHLMC	299,820	1.81%
FNMA	239,575	1.45%
Money market funds	2,177,872	13.16%
STAR Ohio	189,730	1.15%
Repurchase agreement	<u>1,093,129</u>	<u>6.61%</u>
Total	<u>\$ 16,548,249</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 563,723
Investments	16,548,249
Cash on hand	<u>5,095</u>
Total	<u>\$ 17,117,067</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 16,954,639
Private-purpose trust fund	99,449
Agency fund	<u>62,979</u>
Total	<u>\$ 17,117,067</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2013, as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 117,175</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2013 are reported on the statement of net position.

- B. Long-term advances to/from other funds at June 30, 2013 as reported on the fund statements, consisted of the following:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$36,735</u>

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

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6 - PROPERTY TAXES - (Continued)

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, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$635,361 in the general fund, \$77,226 in the bond retirement fund (a nonmajor governmental fund), \$68,645 in the permanent improvement fund (a nonmajor governmental fund) and \$5,983 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$502,154 in the general fund and \$53,737 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 147,199,940	96.44	\$ 138,456,340	95.92
Public utility personal	<u>5,434,360</u>	<u>3.56</u>	<u>5,890,070</u>	<u>4.08</u>
Total	<u>\$ 152,634,300</u>	<u>100.00</u>	<u>\$ 144,346,410</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$49.70		\$55.13	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 7 - RECEIVABLES

Receivables at June 30, 2013 consisted of property taxes, accounts, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 4,943,285
Accounts	15,018
Accrued interest	37,836
Intergovernmental	<u>6,560,888</u>
Total	<u>\$ 11,557,027</u>

Receivables have been disaggregated on the face of the basic financial statements. An intergovernmental receivable in the amount of \$6,204,347 reported in the classroom facilities fund is expected to be collected over the life of the OFCC project. All receivables are expected to be collected in the subsequent year.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance <u>06/30/12</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/13</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 174,516	\$ -	\$ -	\$ 174,516
Construction in progress	<u>-</u>	<u>829,188</u>	<u>-</u>	<u>829,188</u>
Total capital assets, not being depreciated	<u>174,516</u>	<u>829,188</u>	<u>-</u>	<u>1,003,704</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	623,301	-	-	623,301
Buildings and improvements	9,803,241	247,847	-	10,051,088
Furniture and equipment	1,585,864	15,463	(58,195)	1,543,132
Vehicles	<u>974,568</u>	<u>74,510</u>	<u>(42,574)</u>	<u>1,006,504</u>
Total capital assets, being depreciated:	<u>12,986,974</u>	<u>337,820</u>	<u>(100,769)</u>	<u>13,224,025</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(540,155)	(12,928)	-	(553,083)
Buildings and improvements	(4,817,179)	(228,900)	-	(5,046,079)
Furniture and equipment	(1,263,966)	(81,508)	56,887	(1,288,587)
Vehicles	<u>(636,150)</u>	<u>(65,210)</u>	<u>42,574</u>	<u>(658,786)</u>
Total accumulated depreciation	<u>(7,257,450)</u>	<u>(388,546)</u>	<u>99,461</u>	<u>(7,546,535)</u>
Governmental activities capital assets, net	<u>\$ 5,904,040</u>	<u>\$ 778,462</u>	<u>\$ (1,308)</u>	<u>\$ 6,681,194</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 152,841
Special	791
Vocational	3,577

Support services:

Pupil	8,789
Instructional staff	9,442
Board of education	3,717
Administration	67,831
Operations and maintenance	23,267
Pupil transportation	78,627
Extracurricular activities	7,521
Food service operations	32,143
Total depreciation expense	<u>\$ 388,546</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior fiscal years, the District entered into capitalized leases for copiers and computer equipment. These lease agreements met the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Computer equipment in the amount of \$256,274 has not been capitalized since the assets do not meet the District's capitalization threshold. This lease was paid in full during fiscal year 2013 therefore; no liability is recorded at June 30, 2013 on the statement of net position. Principal and interest payments in fiscal year 2013 total \$27,353 and \$147, respectively, paid by the permanent improvement fund (a nonmajor governmental fund).

Copier equipment acquired by lease have been originally capitalized in the amount of \$167,856 which represents the present value of the future minimum lease payments at the time of acquisition. A liability of \$68,149 at June 30, 2013 has been recorded in the statement of net position. Accumulated depreciation as of June 30, 2013 was \$105,859, leaving a current book value of \$61,997. Principal and interest payments in fiscal year 2013 totaled \$31,993 and \$4,421, respectively, paid by the general fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 19,130
2015	19,131
2016	19,131
2017	<u>17,535</u>
Total minimum lease payments	74,927
Less: Amount representing interest	<u>(6,778)</u>
Total	<u>\$ 68,149</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2013, the following changes occurred in governmental activities long-term obligations:

<u>Governmental activities:</u>	<u>Balance</u>			<u>Balance</u>	<u>Amount</u>
	<u>06/30/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/13</u>	<u>Due in</u>
					<u>One Year</u>
<u>General obligation bonds</u>					
<u>Series 2012 A - Facilities and School Improvement</u>					
Current interest bonds	\$ -	\$ 30,000	\$ -	\$ 30,000	\$ 10,000
Term bonds	-	13,245,000	-	13,245,000	-
Capital appreciation bonds	-	224,834	-	224,834	-
Accreted interest	-	22,638	-	22,638	-
<u>Series 2012 B - Facilities and School Improvement</u>					
Current interest bonds	-	280,000	-	280,000	125,000
Term bonds	-	1,810,000	-	1,810,000	-
Capital appreciation bonds	-	119,988	-	119,988	-
Accreted interest	-	10,929	-	10,929	-
Total General obligation bonds	<u>-</u>	<u>15,743,389</u>	<u>-</u>	<u>15,743,389</u>	<u>135,000</u>
Capital lease obligation	127,495	-	(59,346)	68,149	16,197
Compensated absences	673,644	163,083	(84,673)	752,054	155,518
Total	<u>\$ 801,139</u>	<u>\$ 15,906,472</u>	<u>\$ (144,019)</u>	<u>\$ 16,563,592</u>	<u>\$ 306,715</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

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

General Obligation Classroom Facilities and School Improvement Bonds - Series 2012: On August 22, 2012, the District issued series 2012 general obligation classroom facilities and school improvement bonds (Series 2012) to provide long-term financing of constructing, adding to, renovating, remodeling, furnishing, equipping and otherwise improving District buildings and facilities, including, constructing, furnishing and equipping a new elementary/middle school as may be required for participation in the State of Ohio Exceptional Needs School Facilities Assistance Program, and acquiring, improving, clearing and equipping the sites thereof. The issuance and the sale of the District's \$15,709,822 general obligation classroom facilities and school improvement bonds consisted of \$13,499,834 classroom facilities and school improvement series 2012A unlimited tax bonds and \$2,209,988 classroom facilities and school improvement series 2012B unlimited tax bonds.

The Series 2012A bond issue is comprised of both current interest bonds (consisting of \$30,000 of serial bonds and ten term bonds ranging from \$150,000 to \$3,345,000) and six capital appreciation bonds, in the amount of \$22,945, \$65,335, \$51,458, \$43,115, \$33,957 and \$8,024. The interest rate on the current interest serial bonds is 2.000% and the term bonds ranged from 2.750% to 4.000%. The bonds were issued for a thirty eight year period, with final maturity during fiscal year 2050. The bonds will be retired through the debt service fund. The six capital appreciation bonds mature December 1, 2017 through December 1, 2022 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. All six capital appreciation bonds bear an approximate compounding interest rate of 25.360%. The accreted value at maturity for the six capital appreciation bonds is \$65,000, \$235,000, \$235,000, \$250,000, \$250,000 and \$75,000. Total accreted interest of \$22,638 has been included in the statement of net position at June 30, 2013.

The Series 2012B bond issue is comprised of both current interest bonds (consisting of \$280,000 of serial bonds and four term bonds ranging from \$235,000 to \$995,000) and two capital appreciation bonds, in the amount of \$74,506 and \$45,482. The interest rate on the current interest serial bonds ranges from 2.000% to 2.125% and the term bonds range from 3.625% to 4.250%. The bonds were issued for a thirty eight year period, with final maturity during fiscal year 2050. The bonds will be retired through the debt service fund. The two capital appreciation bonds mature December 1, 2015 and December 1, 2016 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. Both capital appreciation bonds bear an approximate compounding interest rate of 23.160%. The accreted value at maturity for the two capital appreciation bonds is \$125,000 and \$95,000. Total accreted interest of \$10,929 has been included in the statement of net position at June 30, 2013.

Interest payments on the serial and term current interest bonds are due on July 15 and January 15 of each year. The final maturity stated in both of the issues is January 15, 2050.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future debt service requirements to maturity for the series 2012 general obligation refunding bonds:

Fiscal Year Ending June 30,	Current Interest Serial Bonds - Series 2012A			Current Interest Term Bonds -Series 2012A		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 10,000	\$ 600	\$ 10,600	\$ -	\$ 488,163	\$ 488,163
2015	10,000	400	10,400	-	488,163	488,163
2016	10,000	200	10,200	-	488,163	488,163
2017	-	-	-	-	488,162	488,162
2018	-	-	-	-	488,163	488,163
2019 - 2023	-	-	-	440,000	2,435,939	2,875,939
2024 - 2028	-	-	-	1,495,000	2,295,558	3,790,558
2029 - 2033	-	-	-	1,840,000	2,037,608	3,877,608
2034 - 2038	-	-	-	2,230,000	1,678,625	3,908,625
2039 - 2043	-	-	-	2,675,000	1,228,625	3,903,625
2044 - 2048	-	-	-	3,185,000	665,400	3,850,400
2049 - 2050	-	-	-	1,380,000	83,000	1,463,000
Total	\$ 30,000	\$ 1,200	\$ 31,200	\$ 13,245,000	\$ 12,865,569	\$ 26,110,569

Fiscal Year Ending June 30,	Capital Appreciation Bonds - Series 2012A			Total - Series 2012A		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ -	\$ -	\$ -	\$ 10,000	\$ 488,763	\$ 498,763
2015	-	-	-	10,000	488,563	498,563
2016	-	-	-	10,000	488,363	498,363
2017	22,945	42,055	65,000	22,945	530,217	553,162
2018	65,335	169,665	235,000	65,335	657,828	723,163
2019 - 2023	136,554	673,446	810,000	576,554	3,109,385	3,685,939
2024 - 2028	-	-	-	1,495,000	2,295,558	3,790,558
2029 - 2033	-	-	-	1,840,000	2,037,608	3,877,608
2034 - 2038	-	-	-	2,230,000	1,678,625	3,908,625
2039 - 2043	-	-	-	2,675,000	1,228,625	3,903,625
2044 - 2048	-	-	-	3,185,000	665,400	3,850,400
2049 - 2050	-	-	-	1,380,000	83,000	1,463,000
Total	\$ 224,834	\$ 885,166	\$ 1,110,000	\$ 13,499,834	\$ 13,751,935	\$ 27,251,769

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30,	Current Interest Serial Bonds - Series 2012B			Current Interest Term Bonds -Series 2012B		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 125,000	\$ 79,625	\$ 204,625	\$ -	\$ -	\$ -
2015	-	77,125	77,125	-	-	-
2016	30,000	77,125	107,125	-	-	-
2017	80,000	76,525	156,525	-	-	-
2018	15,000	74,925	89,925	-	-	-
2019 - 2023	30,000	148,950	178,950	45,000	220,388	265,388
2024 - 2028	-	-	-	95,000	355,168	450,168
2029 - 2033	-	-	-	125,000	336,501	461,501
2034 - 2038	-	-	-	235,000	305,637	540,637
2039 - 2043	-	-	-	405,000	244,038	649,038
2044 - 2048	-	-	-	620,000	141,951	761,951
2049 - 2050	-	-	-	285,000	18,275	303,275
Total	\$ 280,000	\$ 534,275	\$ 814,275	\$ 1,810,000	\$ 1,621,958	\$ 3,431,958

Fiscal Year Ending June 30,	Capital Appreciation Bonds - Series 2012B			Total - Series 2012B		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ -	\$ -	\$ -	\$ 125,000	\$ 79,625	\$ 204,625
2015	74,506	50,494	125,000	74,506	127,619	202,125
2016	45,482	49,518	95,000	75,482	126,643	202,125
2017	-	-	-	80,000	76,525	156,525
2018	-	-	-	15,000	74,925	89,925
2019 - 2023	-	-	-	75,000	369,338	444,338
2024 - 2028	-	-	-	95,000	355,168	450,168
2029 - 2033	-	-	-	125,000	336,501	461,501
2034 - 2038	-	-	-	235,000	305,637	540,637
2039 - 2043	-	-	-	405,000	244,038	649,038
2044 - 2048	-	-	-	620,000	141,951	761,951
2049 - 2050	-	-	-	285,000	18,275	303,275
Total	\$ 119,988	\$ 100,012	\$ 220,000	\$ 2,209,988	\$ 2,256,245	\$ 4,466,233

As of fiscal year end, \$14,886,017 of the bond proceeds was unspent.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effect of these debt limitations at June 30, 2013, is an unvoted debt margin of \$144,346.

NOTE 11 - COMPENSATED ABSENCES

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred ninety days for certified and classified employees. Upon retirement, payment is made for 25 percent of accumulated unused sick leave credit to a maximum of 72.5 days for all employees.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

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

Building and Contents/Boiler and Machinery - blanket coverage building and premises, 90% coinsurance with \$0 deductible	\$45,835,229
Inland Marine - Electronic Data Processing Equipment	1,250,000
Inland Marine - Musical Equipment, electronics, uniforms	1,000,000
Inland Marine - Mobile Equipment	10,700

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

Automobile Liability (\$0 deductible per person/accident)	12,000,000
Medical Payments - per person	5,000
per accident	25,000

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

General School District Liability	
Per occurrence	2,000,000
General Aggregate Liability	4,000,000
Educators Legal Liability (per occurrence)	2,000,000
Educators Legal Liability (aggregate)	2,000,000

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

B. Medical/Dental Insurance

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

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

C. Workers' Compensation Plan

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 12 - RISK MANAGEMENT - (Continued)

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

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$176,753, \$161,400 and \$158,327, respectively; 73.22 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System of Ohio

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 13 - PENSION PLANS - (Continued)

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

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$627,634, \$599,112 and \$620,161, respectively; 85.84 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$37,502 made by the District and \$26,787 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$20,529, \$25,823 and \$43,447, respectively; 73.22 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$9,985, \$9,532 and \$10,189, respectively; 73.22 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$48,280, \$46,086 and \$47,705, respectively; 85.84 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to restricted, assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (859,326)
Net adjustment for revenue accruals	139,563
Net adjustment for expenditure accruals	(117,421)
Net adjustment for other sources/uses	8,013
Funds budgeted elsewhere	9,406
Adjustment for encumbrances	42,518
GAAP basis	\$ (777,247)

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

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 17 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	185,241
Current year qualifying expenditures	
Current year offsets	<u>(185,241)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

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

NOTE 18 - OTHER COMMITMENTS

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

	<u>Year-End Encumbrances</u>
<u>Fund</u>	
General fund	\$ 21,350
Classroom facilities	82,594
Other governmental	<u>59,910</u>
Total	<u>\$ 163,854</u>

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass Through Grantor Number/Program Title	CFDA Number	Federal Receipts	Federal Disbursements
<u>U.S. Department of Agriculture</u>			
Nutrition Cluster:			
Pass through Ohio Department of Education:			
Non-Cash Assistance			
National School Lunch Program - Food Commodities - Note 2	10.555	\$ 12,393	\$ 12,393
Summer Lunch Program	10.559	12,173	12,173
Breakfast Program	10.553	7,185	7,185
National School Lunch Program	10.555	<u>103,075</u>	<u>103,075</u>
Total Nutrition Cluster		<u>134,826</u>	<u>134,826</u>
Total U.S. Department of Agriculture		134,826	134,826
<u>U.S. Department of Education</u>			
Pass through Ohio Department of Education:			
ESEA Title I, Part C, Migrant Education - State Grant Program			
Title I Migrant Worker - FY 12	84.011	258,703	226,872
Title I Migrant Worker - FY 13	84.011	<u>105,960</u>	<u>139,730</u>
Total Title I - Migrant Education		<u>364,663</u>	<u>366,602</u>
ESEA Title I, Part A, Title I Grants to Local Education Agencies			
Title I - Basic Grant - FY 12	84.010	33,177	24,662
Title I - Basic Grant - FY 13	84.010	<u>85,531</u>	<u>95,107</u>
Total Title I - Grants to Local Education Agencies		<u>118,708</u>	<u>119,769</u>
Title II-D Technology	84.318	<u>175</u>	-
Total Title II-D Technology		175	-
Special Education Cluster:			
Title VI - B, Special Education - Assistance to States for Education of Handicapped Children			
Special Education Grants to States - FY 12	84.027	57,325	843
Special Education Grants to States - FY 13	84.027	<u>170,923</u>	<u>226,491</u>
Total Title VI-B Grant to States		<u>228,248</u>	<u>227,334</u>
Title VI, Special Education - Preschool Grants			
Special Education - Preschool Grants	84.173	<u>3,635</u>	-
Total Title VI - Preschool Grants		<u>3,635</u>	-
Total Special Education Cluster		231,883	227,334
Title II-A			
Improving Teacher Quality - FY 12	84.367	10,761	6,027
Improving Teacher Quality - FY 13	84.367	<u>25,025</u>	<u>36,580</u>
Total Title II-A		<u>35,786</u>	<u>42,607</u>
Education Jobs Fund - FY 12	84.410	<u>15,833</u>	<u>3,218</u>
Total Education Jobs Fund		<u>15,833</u>	<u>3,218</u>
Total U.S. Department of Education		<u>767,048</u>	<u>759,530</u>
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES		<u>\$ 901,874</u>	<u>\$ 894,356</u>

See accompanying Notes to the Federal Awards Receipts and Expenditures Schedule

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Woodmore Local School District (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement values. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

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

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

Woodmore Local School District
Sandusky County
349 Rice Street
Elmore, Ohio 43416

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodmore Local School District, Sandusky County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2013. We noted the District implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles E. Harris and Associates

Charles E. Harris and Associates, Inc.
December 31, 2013

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Charles E. Harris & Associates, Inc.

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Woodmore Local School District
Sandusky County
349 Rice Street
Elmore, Ohio 43416

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Woodmore Local School District, Sandusky County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, Woodmore Local School District, Sandusky County, Ohio, complied in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Charles Harris Associates

CHARLES E. HARRIS & ASSOCIATES, INC.
December 31, 2013

**WOODMORE LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
JUNE 30, 2013**

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013**

The prior audit, for the year ended June 30, 2012, reported no material citations or recommendations.

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

Independent Accountants' Report on Applying Agreed-Upon Procedure

Woodmore Local School District
Sandusky County
349 Rice Street
Elmore, Ohio 43416

To the Board of Education:

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

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

- We noted the Board amended its anti-harassment policy at its meeting on December 17, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act". We also noted the Board updated its policy on December 17, 2012 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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



Charles E. Harris & Associates, Inc.
December 31, 2013

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Dave Yost • Auditor of State

WOODMORE LOCAL SCHOOL DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 6, 2014**