

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

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

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016***

**JAIME PEARSON, TREASURER**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Woodmore Local School District, Sandusky County, prepared by Julian & Grube, Inc., for the audit period July 1, 2015 through June 30, 2016. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

## Finding for Recovery

During fiscal year 2016, Ashley Kaylor worked as an Educational Aide for the District. Per the Board approved Non-Instructional Hourly Wage Schedule (A) 7/1/15 – 6/30/16, Ms. Kaylor was to be paid an hourly rate of \$11.47. Due to a clerical error, her paychecks for February 4, 2016 and February 18, 2016 were processed at an hourly rate of \$18.90. These two paychecks also included an additional 40 hours of pay per check that was not worked by Ms. Kaylor. The total overpayment was \$1,972.

On February 29, 2016, the District entered an agreement with Ms. Kaylor to repay the amount through eight payroll deductions of \$246.58 each. Before the obligation was fully repaid, Ms. Kaylor terminated her employment at the District. At the time of separation, a total of \$1,061 had been repaid, leaving an unpaid balance of \$911.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued in the amount of \$911 against Ashley Kaylor and in favor of Woodmore Local School District General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

District Treasurer Jaime Pearson was responsible for District-wide financial oversight. District Treasurer Jaime Pearson and her bonding company, Travelers Casualty and Surety Company of American, will be jointly and severally liable in the amount of \$911 and in favor of Woodmore Local School District General Fund.

Board of Education  
Woodmore Local School District  
349 Rice Street  
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Finding for Recovery

During fiscal year 2015 the District's Negotiated Agreement, Health and Dental section, stated in part that employees hired on or after January 1, 2000 and working less than 25 hours per week, but more than 20 hours per week during the regular school year period, were eligible for single health, dental and life insurance coverage. It continued to state any full-time bargaining unit member that did not enroll or participate would receive a payment of five hundred dollars (\$500) per year for waiving coverage.

Kelly Maynard was a cook and cashier in the lunchroom at the District. Per Ms. Maynard's Board-approved salary notices, her average daily hours were 2 hours which equated to 10 hours per week. Ms. Maynard did not meet the requirements for the insurance waiver payment of \$500; however, she received a payment in fiscal year 2015 for a total of \$500.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued in the amount of \$500 against Kelly Maynard and in favor of Woodmore Local School District General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

District Treasurer Kevin Slates was responsible for District-wide financial oversight. District Treasurer Kevin Slate and his bonding company, Travelers Casualty and Surety Company of American, will be jointly and severally liable in the amount of \$500 and in favor of Woodmore Local School District General Fund.

Finding for Recovery

During the period of fiscal year 2012 to fiscal year 2015 the District's Negotiated Agreement Health and Dental section stated in part that employees hired on or after January 1, 2000 working less than 25 hours per week but more than 20 hours per week during the regular school year period, were eligible for single health, dental and life insurance coverage. It continued to state any full-time bargaining unit member that did not enroll or participate would receive a payment of five hundred dollars (\$500) per year for waiving coverage.

Vickie Shue was a cook and cashier in the lunchroom at the District. Per Ms. Shue's Board-approved salary notices, her average daily hours were 3.5 hours, which equated to 17.5 hours per week. Ms. Shue did not meet the requirements for the insurance waiver payment of \$500; however, she received the payment in fiscal year 2012, 2013, 2014 and 2015 for a total of \$2,000.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued in the amount of \$2,000 against Vickie

Board of Education  
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Shue and in favor of Woodmore Local School District General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

District Treasurer Kevin Slates was responsible for District-wide financial oversight. District Treasurer Kevin Slate and his bonding company, Travelers Casualty and Surety Company of American, will be jointly and severally liable in the amount of \$2,000 and in favor of Woodmore Local School District General Fund.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost  
Auditor of State

January 24, 2017

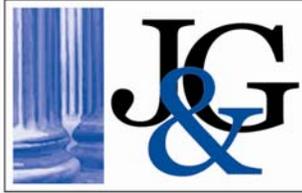
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**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

Independent Auditor's 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, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Woodmore Local School 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 includes 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 Woodmore Local School 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 Woodmore Local School 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 the Woodmore Local School District, Sandusky County, Ohio, as of June 30, 2016, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

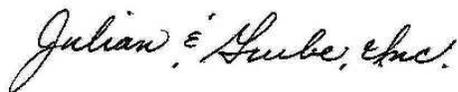
***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016, on our consideration of the Woodmore Local School 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 Woodmore Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
December 8, 2016

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016. 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 2016 are as follows:

- In total, net position of governmental activities increased \$329,993 which represents an 752.84% increase from 2015.
- General revenues accounted for \$11,194,630 in revenue or 85.28% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,931,580 or 14.72% of total revenues of \$13,126,210.
- The District had \$12,796,217 in expenses related to governmental activities; \$1,931,580 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 \$11,194,630 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$10,729,122 in revenues and \$9,785,727 in expenditures and other financing uses. During fiscal year 2016, the general fund's fund balance increased \$943,395 from a balance of \$394,130 to \$1,337,525.
- The bond retirement fund had \$900,861 in revenues and \$998,964 in expenditures. During fiscal year 2016, the bond retirement fund's fund balance decreased \$98,103 from a balance of \$855,499 to \$757,396.

**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 bond retirement 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, 2016

**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 2016?" 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 15-16 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 11. 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 bond retirement 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 17-21 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

***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 22 and 23. 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 24-63 of this report.

***Required Supplemental Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net position liability. The required supplementary information can be found on pages 64-70 of this report.

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole.

The table on the following page provides a summary of the District's net position at June 30, 2016 and June 30, 2015.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<b>Net Position</b>	
	Governmental Activities 2016	Governmental Activities 2015
<b><u>Assets</u></b>		
Current and other assets	\$ 9,039,230	\$ 9,661,153
Capital assets, net	28,008,789	27,550,252
Total assets	37,048,019	37,211,405
<b><u>Deferred Outflows of Resources</u></b>		
Pension	1,496,629	957,507
Total deferred outflows of resources	1,496,629	957,507
<b><u>Liabilities</u></b>		
Current liabilities	1,301,428	1,118,448
Long-term liabilities:		
Due within one year	247,898	268,198
Due within more than one year:		
Net pension liability	14,744,544	13,474,837
Other amounts	16,256,331	16,251,202
Total liabilities	32,550,201	31,112,685
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for the next fiscal year	4,194,914	4,659,683
Pension	1,513,373	2,440,377
Total deferred inflows of resources	5,708,287	7,100,060
<b><u>Net Position</u></b>		
Net investment in capital assets	12,586,835	12,024,981
Restricted	1,786,210	3,538,546
Unrestricted (deficit)	(14,086,885)	(15,607,360)
Total net position (deficit)	\$ 286,160	\$ (43,833)

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$286,160. Of this total, \$1,786,210 is restricted in use.

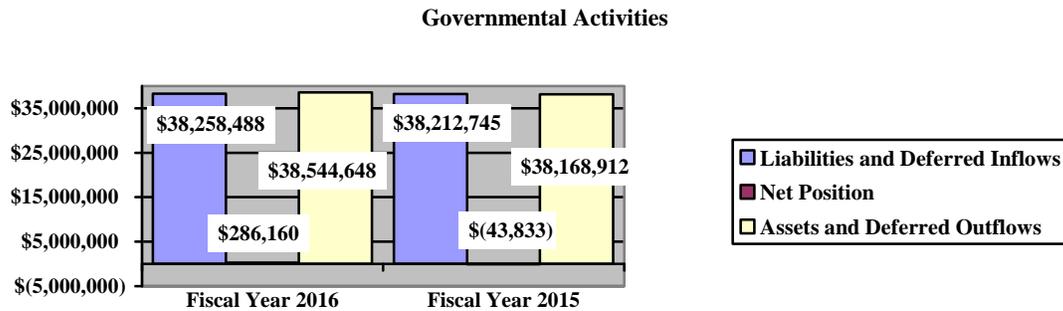
**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

At fiscal year-end, capital assets represented 75.60% 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, 2016, was \$12,586,835. 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, \$1,786,210, 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 \$14,086,885.

The table below presents the District's governmental activities liabilities and deferred inflows, net position, assets and deferred outflows as of June 30, 2016 and June 30, 2015.



The table below shows the change in net position for fiscal years 2016 and 2015.

**Change in Net Position**

	Governmental Activities 2016	Governmental Activities 2015
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 824,943	\$ 995,119
Operating grants and contributions	1,106,637	1,118,359
General revenues:		
Property taxes	5,682,738	5,346,476
Grants and entitlements	5,326,760	4,774,397
Payment in lieu of taxes	21,000	21,000
Investment earnings	41,022	5,273
Miscellaneous	123,110	62,095
<b>Total revenues</b>	<b>13,126,210</b>	<b>12,322,719</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Change in Net Position**

	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 5,507,262	\$ 3,755,878
Special	1,177,463	1,013,951
Vocational	17,377	2,354
Other	3,710	5,327
Support services:		
Pupil	719,749	487,075
Instructional staff	142,128	277,131
Board of education	168,192	103,434
Administration	1,000,898	739,766
Fiscal	391,569	433,496
Business	217	-
Operations and maintenance	1,192,491	593,195
Pupil transportation	596,216	593,409
Central	611	251
Operation of non instructional services:		
Other non-instructional services	67,451	66,291
Food service operations	411,419	355,873
Extracurricular activities	429,692	410,439
Interest and fiscal charges	<u>969,772</u>	<u>703,848</u>
Total expenses	<u>12,796,217</u>	<u>9,541,718</u>
Change in net position	329,993	2,781,001
Net position (deficit) at beginning of year	<u>(43,833)</u>	<u>(2,824,834)</u>
Net position (deficit) at end of year	<u>\$ 286,160</u>	<u>\$ (43,833)</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$329,993. Total governmental expenses of \$12,796,217 were offset by program revenues of \$1,931,580 and general revenues of \$11,194,630. Program revenues supported 15.09% 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 83.87% of total governmental revenue.

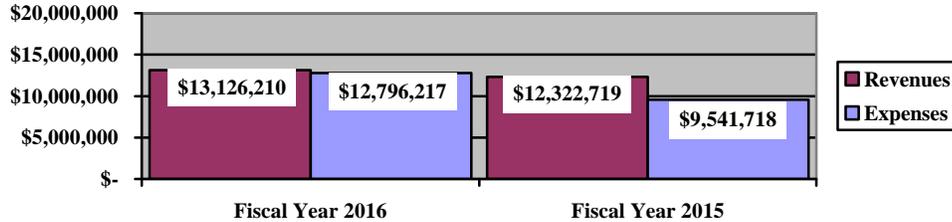
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,705,812 or 52.40% of total governmental expenses for fiscal year 2016.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2016 and 2015.

**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>2016</u>	Net Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 5,507,262	\$ 5,024,383	\$ 3,755,878	\$ 3,214,312
Special	1,177,463	419,943	1,013,951	238,155
Vocational	17,377	8,460	2,354	(29,468)
Other	3,710	3,710	5,327	5,327
Support services:				
Pupil	719,749	677,704	487,075	435,987
Instructional staff	142,128	122,018	277,131	259,081
Board of education	168,192	168,192	103,434	103,434
Administration	1,000,898	931,958	739,766	689,848
Fiscal	391,569	391,569	433,496	433,496
Business	217	217	-	-
Operations and maintenance	1,192,491	1,175,586	593,195	558,229
Pupil transportation	596,216	566,838	593,409	504,170
Central	611	611	251	251
Operations of non-instructional services:				
Non-instructional services	67,451	13,450	66,291	4,547
Food service operations	411,419	136,346	355,873	44,460
Extracurricular activities	429,692	253,880	410,439	262,563
Interest and fiscal charges	969,772	969,772	703,848	703,848
<b>Total expenses</b>	<u>\$ 12,796,217</u>	<u>\$ 10,864,637</u>	<u>\$ 9,541,718</u>	<u>\$ 7,428,240</u>

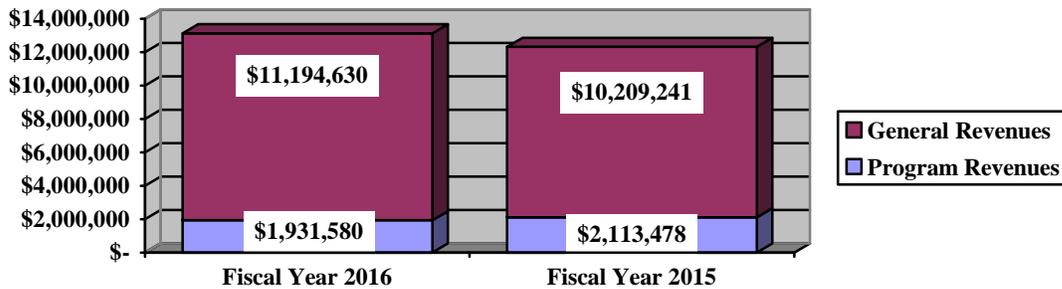
**WOODMORE LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The dependence upon tax and other general revenues for governmental activities is apparent; 81.37% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.91%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2016 and 2015.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$3,458,971, which is less than last year's balance of \$3,634,590. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2016 and June 30, 2015.

	Fund Balance June 30, 2016	Fund Balance June 30, 2015	Increase (Decrease)	Percentage Change
General	\$ 1,337,525	\$ 394,130	\$ 943,395	239.36 %
Bond retirement	757,396	855,499	(98,103)	(11.47) %
Other governmental	<u>1,364,050</u>	<u>2,384,961</u>	<u>(1,020,911)</u>	(42.81) %
Total	<u>\$ 3,458,971</u>	<u>\$ 3,634,590</u>	<u>\$ (175,619)</u>	(4.83) %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

***General Fund***

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

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 4,476,191	\$ 4,147,470	\$ 328,721	7.93 %
Tuition	410,187	403,300	6,887	1.71 %
Earnings on investments	35,009	3,840	31,169	811.69 %
Intergovernmental	5,582,806	4,986,686	596,120	11.95 %
Other revenues	<u>224,929</u>	<u>220,350</u>	<u>4,579</u>	2.08 %
Total	<u>\$ 10,729,122</u>	<u>\$ 9,761,646</u>	<u>\$ 967,476</u>	9.91 %
<b><u>Expenditures</u></b>				
Instruction	\$ 5,896,783	\$ 5,639,055	\$ 257,728	4.57 %
Support services	3,497,232	3,492,287	4,945	0.14 %
Extracurricular activities	279,050	276,898	2,152	0.78 %
Other Capital outlay	-	163,436	(163,436)	(100.00) %
Debt service	<u>54,785</u>	<u>54,785</u>	<u>-</u>	-
Total	<u>\$ 9,727,850</u>	<u>\$ 9,626,461</u>	<u>\$ 101,389</u>	1.05 %

Overall revenues of the general fund increased \$967,476 or 9.91%. Intergovernmental revenues increased \$596,120 or 11.95% mainly due to an increase in State grants. Earnings on investments increased \$31,169 or 811.69% due to improving interest rates on the investments held by the District in fiscal year 2016. All other revenues remained comparable to prior year.

Overall expenditures of the general fund increased \$101,389 or 1.05%. Other capital outlay expenditures decreased \$163,436 due to the District entering a capital lease for computers in fiscal year 2015. All other expenditures remained comparable to prior year.

***Bond Retirement Fund***

The bond retirement fund had \$900,861 in revenues and \$998,964 in expenditures. During fiscal year 2016, the bond retirement fund's fund balance decreased \$98,103 from a balance of \$855,499 to \$757,396.

***General Fund Budgeting Highlights***

The District's budget is prepared per 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.

For the general fund, original budgeted revenues were \$10,403,941 which was the same as final budgeted revenues. Actual revenues for fiscal year 2016 were \$10,568,108. This represents a \$164,167 increase over final budgeted revenues.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

General fund original appropriations (appropriated expenditures and other financing uses) were \$10,036,494, while final appropriations totaled \$9,962,694. The actual budget basis expenditures and other financing uses for fiscal year 2016 totaled \$9,849,700, which was \$112,994 less than the final budget appropriations.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2016, the District had \$28,008,789 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 table on the following page shows June 30, 2016 balances compared to the amount of capital assets at June 30, 2015.

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
<u>Governmental Activities</u>		
	<u>2016</u>	<u>2015</u>
Land	\$ 174,516	\$ 174,516
Construction in progress	27,788	-
Land improvements	44,537	53,447
Building and improvements	26,652,516	26,398,064
Furniture and equipment	874,417	625,618
Vehicles	<u>235,015</u>	<u>298,607</u>
Total	<u>\$ 28,008,789</u>	<u>\$ 27,550,252</u>

The overall increase of capital assets is \$458,537, due to capital asset additions of \$1,303,056 exceeding depreciation expense of \$844,519.

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

*Debt Administration*

At June 30, 2016, the District had \$15,799,066 in capital leases and general obligation bonds outstanding. Of this amount \$179,640 is due within one year and \$15,619,426 is due within more than one year. The following table summarizes the debt outstanding.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<b>Outstanding Debt, at Year End</b>	
	Governmental Activities	Governmental Activities
	<u>2016</u>	<u>2015</u>
Capital lease obligation	\$ 115,052	\$ 162,737
General obligation bonds	<u>15,684,014</u>	<u>15,702,882</u>
Total	<u>\$ 15,799,066</u>	<u>\$ 15,865,619</u>

At June 30, 2016, the District's unvoted debt margin was \$151,683. 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 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 current five-year forecast does not show a negative balance until 2019. The District is projected to be in a deficit spending situation beginning in fiscal year 2017 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.

**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 Mrs. Jamie Pearson, Treasurer, Woodmore Local School District, 349 Rice Street, Elmore, OH 43416.

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

STATEMENT OF NET POSITION  
JUNE 30, 2016

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 3,312,998
Receivables:	
Property taxes . . . . .	5,342,424
Accrued interest . . . . .	2,982
Intergovernmental . . . . .	249,255
Prepayments . . . . .	105,991
Materials and supplies inventory. . . . .	22,019
Inventory held for resale. . . . .	3,561
Capital assets:	
Nondepreciable capital assets . . . . .	202,304
Depreciable capital assets, net. . . . .	27,806,485
Capital assets, net . . . . .	28,008,789
Total assets. . . . .	37,048,019
 <b>Deferred outflows of resources:</b>	
Pension - STRS . . . . .	1,199,649
Pension - SERS . . . . .	296,980
Total deferred outflows of resources . . . . .	1,496,629
 <b>Liabilities:</b>	
Accounts payable. . . . .	27,814
Accrued wages and benefits payable . . . . .	781,739
Intergovernmental payable . . . . .	65,183
Pension and postemployment benefits payable . . . . .	164,449
Accrued interest payable . . . . .	262,243
Long-term liabilities:	
Due within one year. . . . .	247,898
Due in more than one year:	
Net pension liability (See Note 13) . . . . .	14,744,544
Other amounts due in more than one year . . . . .	16,256,331
Total liabilities . . . . .	32,550,201
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	4,194,914
Pension - STRS. . . . .	1,430,790
Pension - SERS. . . . .	82,583
Total deferred inflows of resources . . . . .	5,708,287
 <b>Net position:</b>	
Net investment in capital assets . . . . .	12,586,835
Restricted for:	
Capital projects . . . . .	1,132,017
Classroom facilities maintenance . . . . .	156,510
Debt service. . . . .	335,887
Federally funded programs . . . . .	56,787
Student activities . . . . .	72,481
Other purposes . . . . .	32,528
Unrestricted (deficit) . . . . .	(14,086,885)
Total net position . . . . .	\$ 286,160

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, 2016

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 5,507,262	\$ 471,215	\$ 11,664	\$ (5,024,383)
Special . . . . .	1,177,463	-	757,520	(419,943)
Vocational . . . . .	17,377	-	8,917	(8,460)
Other . . . . .	3,710	-	-	(3,710)
Support services:				
Pupil . . . . .	719,749	80	41,965	(677,704)
Instructional staff . . . . .	142,128	-	20,110	(122,018)
Board of education . . . . .	168,192	-	-	(168,192)
Administration . . . . .	1,000,898	-	68,940	(931,958)
Fiscal . . . . .	391,569	-	-	(391,569)
Business . . . . .	217	-	-	(217)
Operations and maintenance . . . . .	1,192,491	12,000	4,905	(1,175,586)
Pupil transportation . . . . .	596,216	917	28,461	(566,838)
Central . . . . .	611	-	-	(611)
Operation of non-instructional services:				
Other non-instructional services . . . . .	67,451	-	54,001	(13,450)
Food service operations . . . . .	411,419	167,734	107,339	(136,346)
Extracurricular activities . . . . .	429,692	172,997	2,815	(253,880)
Interest and fiscal charges . . . . .	969,772	-	-	(969,772)
Total governmental activities . . . . .	<u>\$ 12,796,217</u>	<u>\$ 824,943</u>	<u>\$ 1,106,637</u>	<u>(10,864,637)</u>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				4,442,705
Debt service . . . . .				792,024
Capital outlay . . . . .				405,832
Special revenue . . . . .				42,177
Payments in lieu of taxes . . . . .				21,000
Grants and entitlements not restricted				
to specific programs . . . . .				5,326,760
Investment earnings . . . . .				41,022
Miscellaneous . . . . .				123,110
Total general revenues . . . . .				<u>11,194,630</u>
Change in net position . . . . .				329,993
<b>Net position (deficit)</b>				
at beginning of year . . . . .				(43,833)
Net position at end of year . . . . .				<u>\$ 286,160</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 1,286,587	\$ 619,572	\$ 1,385,245	\$ 3,291,404
Receivables:				
Property taxes . . . . .	4,121,473	765,580	455,371	5,342,424
Accrued interest . . . . .	-	-	2,982	2,982
Interfund loans . . . . .	82,897	-	-	82,897
Intergovernmental . . . . .	26,984	-	222,271	249,255
Prepayments . . . . .	105,991	-	-	105,991
Materials and supplies inventory . . . . .	19,968	-	2,051	22,019
Inventory held for resale . . . . .	-	-	3,561	3,561
Loans to other funds . . . . .	70,683	-	-	70,683
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	21,594	-	-	21,594
Total assets . . . . .	<u>\$ 5,736,177</u>	<u>\$ 1,385,152</u>	<u>\$ 2,071,481</u>	<u>\$ 9,192,810</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 23,286	\$ -	\$ 4,528	\$ 27,814
Accrued wages and benefits payable . . . . .	751,733	-	30,006	781,739
Intergovernmental payable . . . . .	64,225	-	958	65,183
Pension and postemployment benefits payable . . . . .	137,722	-	26,727	164,449
Interfund loans payable . . . . .	-	-	82,897	82,897
Loans from other funds . . . . .	-	-	70,683	70,683
Total liabilities . . . . .	<u>976,966</u>	<u>-</u>	<u>215,799</u>	<u>1,192,765</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	3,240,643	598,388	355,883	4,194,914
Delinquent property tax revenue not available . . . . .	154,724	29,368	17,475	201,567
Intergovernmental revenue not available . . . . .	26,319	-	115,292	141,611
Accrued interest not available . . . . .	-	-	2,982	2,982
Total deferred inflows of resources . . . . .	<u>3,421,686</u>	<u>627,756</u>	<u>491,632</u>	<u>4,541,074</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	19,968	-	2,051	22,019
Prepays . . . . .	105,991	-	-	105,991
Long-term loans . . . . .	70,683	-	-	70,683
Restricted:				
Debt service . . . . .	-	757,396	-	757,396
Capital improvements . . . . .	-	-	1,212,010	1,212,010
Classroom facilities maintenance . . . . .	-	-	146,606	146,606
Migrant program . . . . .	-	-	35,306	35,306
Other purposes . . . . .	6,429	-	4,505	10,934
Extracurricular activities . . . . .	-	-	72,481	72,481
School bus purchases . . . . .	21,594	-	-	21,594
Assigned:				
Student instruction . . . . .	18,858	-	-	18,858
Student and staff support . . . . .	93,762	-	-	93,762
Subsequent year's appropriations . . . . .	244,413	-	-	244,413
Unassigned (deficit) . . . . .	755,827	-	(108,909)	646,918
Total fund balances . . . . .	<u>1,337,525</u>	<u>757,396</u>	<u>1,364,050</u>	<u>3,458,971</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 5,736,177</u>	<u>\$ 1,385,152</u>	<u>\$ 2,071,481</u>	<u>\$ 9,192,810</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, 2016

<b>Total governmental fund balances</b>		\$	3,458,971
<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.			28,008,789
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	201,567	
Accrued interest receivable		2,982	
Intergovernmental receivable		141,611	
Total		141,611	346,160
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(262,243)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources - pension		1,496,629	
Deferred inflows of resources - pension		(1,513,373)	
Net pension liability		(14,744,544)	
Total		(14,744,544)	(14,761,288)
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		(15,684,014)	
Capital lease obligations		(115,052)	
Compensated absences		(705,163)	
Total		(16,504,229)	(16,504,229)
<b>Net position of governmental activities</b>		\$	286,160

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, 2016

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 4,476,191	\$ 790,080	\$ 452,540	\$ 5,718,811
Tuition . . . . .	410,187	-	150	410,337
Earnings on investments . . . . .	35,009	-	8,922	43,931
Charges for services . . . . .	-	-	167,734	167,734
Extracurricular . . . . .	33,152	-	145,053	178,205
Classroom materials and fees . . . . .	56,667	-	-	56,667
Rental income . . . . .	12,000	-	-	12,000
Contributions and donations . . . . .	-	-	27,833	27,833
Other local revenues . . . . .	123,110	-	-	123,110
Intergovernmental - intermediate . . . . .	21,000	-	-	21,000
Intergovernmental - state . . . . .	5,561,806	110,781	270,887	5,943,474
Intergovernmental - federal . . . . .	-	-	588,488	588,488
Total revenues . . . . .	<u>10,729,122</u>	<u>900,861</u>	<u>1,661,607</u>	<u>13,291,590</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,111,885	-	184,210	5,296,095
Special . . . . .	769,998	-	426,543	1,196,541
Vocational . . . . .	11,190	-	-	11,190
Other . . . . .	3,710	-	-	3,710
Support services:				
Pupil . . . . .	665,700	-	53,084	718,784
Instructional staff . . . . .	123,094	-	10,708	133,802
Board of education . . . . .	161,039	-	-	161,039
Administration . . . . .	869,688	-	73,359	943,047
Fiscal . . . . .	370,209	16,133	9,575	395,917
Business . . . . .	217	-	-	217
Operations and maintenance . . . . .	801,712	-	371,566	1,173,278
Pupil transportation . . . . .	504,962	-	18,202	523,164
Central . . . . .	611	-	-	611
Operation of non-instructional services:				
Other operation of non-instructional . . . . .	-	-	67,497	67,497
Food service operations . . . . .	-	-	349,218	349,218
Extracurricular activities . . . . .	279,050	-	142,540	421,590
Facilities acquisition and construction . . . . .	-	-	1,033,893	1,033,893
Debt service:				
Principal retirement . . . . .	47,685	135,000	-	182,685
Interest and fiscal charges . . . . .	7,100	847,831	-	854,931
Total expenditures . . . . .	<u>9,727,850</u>	<u>998,964</u>	<u>2,740,395</u>	<u>13,467,209</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>1,001,272</u>	<u>(98,103)</u>	<u>(1,078,788)</u>	<u>(175,619)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	57,877	57,877
Transfers (out) . . . . .	(57,877)	-	-	(57,877)
Total other financing sources (uses) . . . . .	<u>(57,877)</u>	<u>-</u>	<u>57,877</u>	<u>-</u>
Net change in fund balances . . . . .	943,395	(98,103)	(1,020,911)	(175,619)
<b>Fund balances at beginning of year . . . . .</b>	<b>394,130</b>	<b>855,499</b>	<b>2,384,961</b>	<b>3,634,590</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 1,337,525</b>	<b>\$ 757,396</b>	<b>\$ 1,364,050</b>	<b>\$ 3,458,971</b>

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, 2016

<b>Net change in fund balances - total governmental funds</b>	\$	(175,619)
<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	\$ 1,303,056	
Current year depreciation	(844,519)	
Total		458,537
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(36,073)	
Earnings on investments	(2,909)	
Intergovernmental	(126,824)	
Total		(165,806)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		182,685
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		864,820
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(668,401)
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:		
Decrease in accrued interest payable	1,291	
Accreted interest on capital appreciation bonds	(116,132)	
Total		(114,841)
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.		
		(51,382)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>329,993</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 4,130,345	\$ 4,130,345	\$ 4,326,286	\$ 195,941
Tuition . . . . .	505,930	505,930	410,187	(95,743)
Earnings on investments . . . . .	20,000	20,000	35,009	15,009
Extracurricular . . . . .	40,000	40,000	28,861	(11,139)
Classroom materials and fees . . . . .	34,000	34,000	-	(34,000)
Rental income . . . . .	12,000	12,000	12,000	-
Other local revenues . . . . .	80,450	80,450	158,999	78,549
Intergovernmental - intermediate . . . . .	10,000	10,000	21,000	11,000
Intergovernmental - state . . . . .	5,571,216	5,571,216	5,575,766	4,550
Total revenues . . . . .	<u>10,403,941</u>	<u>10,403,941</u>	<u>10,568,108</u>	<u>164,167</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,873,251	4,974,613	5,016,433	(41,820)
Special . . . . .	775,936	926,093	746,787	179,306
Vocational . . . . .	14,144	12,503	12,369	134
Other . . . . .	6,198	5,724	3,572	2,152
Support services:				
Pupil . . . . .	587,762	606,718	635,123	(28,405)
Instructional staff . . . . .	109,305	93,996	115,378	(21,382)
Board of education . . . . .	181,490	156,758	186,393	(29,635)
Administration . . . . .	832,515	809,457	889,719	(80,262)
Fiscal . . . . .	444,990	395,154	375,593	19,561
Operations and maintenance . . . . .	1,142,042	1,028,286	857,324	170,962
Pupil transportation . . . . .	588,891	521,265	509,662	11,603
Central . . . . .	12,570	1,021	87,046	(86,025)
Extracurricular activities . . . . .	367,400	331,106	273,527	57,579
Total expenditures . . . . .	<u>9,936,494</u>	<u>9,862,694</u>	<u>9,708,926</u>	<u>153,768</u>
Excess of revenues over expenditures . . . . .	<u>467,447</u>	<u>541,247</u>	<u>859,182</u>	<u>317,935</u>
<b>Other financing (uses):</b>				
Transfers (out) . . . . .	-	-	(57,877)	(57,877)
Advances (out) . . . . .	(100,000)	(100,000)	(82,897)	17,103
Total other financing (uses) . . . . .	<u>(100,000)</u>	<u>(100,000)</u>	<u>(140,774)</u>	<u>(40,774)</u>
Net change in fund balance . . . . .	367,447	441,247	718,408	277,161
<b>Fund balance at beginning of year . . . . .</b>	346,072	346,072	346,072	-
<b>Prior year encumbrances appropriated . . . . .</b>	68,903	68,903	68,903	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 782,422</u>	<u>\$ 856,222</u>	<u>\$ 1,133,383</u>	<u>\$ 277,161</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, 2016

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$ 83,057	\$ 66,083
Receivables:		
Accrued interest. . . . .	8	-
Total assets. . . . .	<u>\$ 83,065</u>	<u>\$ 66,083</u>
<b>Liabilities:</b>		
Due to students. . . . .	-	\$ 66,083
Total liabilities . . . . .	-	<u>\$ 66,083</u>
<b>Net position:</b>		
Held in trust for scholarships . . . . .	83,065	
Total net position. . . . .	<u>\$ 83,065</u>	

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, 2016

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Deductions:</b>	
Scholarships awarded . . . . .	\$ 4,607
Change in net position . . . . .	(4,607)
<b>Net position at beginning of year. . . . .</b>	<b>87,672</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 83,065</b>

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, 2016**

**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 45 classified employees, 64 certified teaching personnel and 15 administrative employees who provide services to 1,100 students and other community members. The District currently operates an elementary/middle school and a 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, 2016**

**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 2016, the District paid \$24,127 to NOECA for services. Financial information can be obtained by contacting Matt Bauer, 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 2016, 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

*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, Bill Nye, Treasurer of Genoa Area 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 SORSA \$65,930 for fiscal year 2016 services and prepaid \$64,167 for fiscal year 2017 services in fiscal year 2016.

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.

*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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

*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.

*Bond retirement fund* - The bond retirement fund provides for the retirement of serial bonds and short term notes and loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds, notes, or loans, shall be paid into this fund.

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) 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.

*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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**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.

**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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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 Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, See Note 13 for deferred outflows of resources related the District's net pension liability

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

For the District, See Note 13 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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 2016 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 2016.
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 2016.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.
6. Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid. However, the District elected to budget these temporary resources anyway.
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.
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, 2016; 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 2016, investments were limited to federal agency securities, negotiable and nonnegotiable certificates of deposit, U.S. treasury notes and bills, commercial paper, 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 2016. 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, 2016.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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 2016 amounted to \$35,009, which includes \$26,309 assigned from other funds.

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

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

**G. Inventory**

On government-wide and fund financial statements, 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.

On the fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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 2016, the District maintained a capitalization threshold of \$1,500. 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.

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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:

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loan receivable/payable”. Receivables and payables resulting from long-term interfund loans are classified as “loans to/from other funds”.

These amounts are eliminated in the governmental activities column on the statement of net position.

**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, 2016, 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, 2016 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.

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and net pension liability 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.

**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.

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

*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.

**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 the VLA program and unclaimed funds.

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.

At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

**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.

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**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.

**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.

**S. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**T. Fair Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**U. 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 2016.

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2016, the District has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2016 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 54,215
Auxiliary services	8,327
Management information systems	142
IDEA part-B	24,878
Title I	15,772
IDEA preschool	692
Improving teacher quality	2,832

The general fund is liable for any deficit 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  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Compliance**

- i. The District had expenditures in excess of appropriations for the fiscal year ended June 30, 2016, and throughout the fiscal year, in noncompliance with Ohio Revised Code Section 5705.41(B) and 5705.40.
- ii. The District had several athletic deposits which were not deposited timely, in noncompliance with Ohio Revised Code Section 9.38.

**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;

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Cash on Hand**

At June 30, 2016, the District had \$95 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, 2016, the carrying amount of all District deposits was \$271,530. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, \$78,652 of the District's bank balance of \$416,529 was exposed to custodial risk as discussed below, while \$337,877 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  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**C. Investments**

As of June 30, 2016, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater Than 24 months
FHLB	\$ 306,709	\$ -	\$ 75,139	\$ -	\$ -	\$ 231,570
FHLMC	435,232	-	110,108	-	-	325,124
FFCB	280,779	-	-	-	280,779	-
U.S. Treasury notes	505,044	-	505,044	-	-	-
U.S. Treasury bills	353,942	-	353,942	-	-	-
Negotiable CDs	478,442	-	245,595	-	51,290	181,557
Commercial paper	712,121	309,834	402,287	-	-	-
Money Market Funds	94,644	94,644	-	-	-	-
STAR Ohio	23,600	23,600	-	-	-	-
<b>Total</b>	<b>\$ 3,190,513</b>	<b>\$ 428,078</b>	<b>\$ 1,692,115</b>	<b>\$ -</b>	<b>\$ 332,069</b>	<b>\$ 738,251</b>

The weighted average maturity of investments is 1.13 years.

The District's investments in federal agency securities, negotiable certificates of deposit, commercial paper, money market funds and U.S. Treasury notes and bonds are valued using quoted market prices (Level 1 inputs). Investments in STAR Ohio is reported at its share price.

*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 commercial paper were rated A-1 and P-1 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 certificates of deposit and money market funds 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  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2016:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 306,709	9.61%
FHLMC	435,232	13.64%
FFCB	280,779	8.80%
U.S. treasury notes	505,044	15.83%
U.S. treasury bills	353,942	11.09%
Negotiable CDs	478,442	15.00%
Commercial paper	712,121	22.32%
Money Market Funds	94,644	2.97%
STAR Ohio	<u>23,600</u>	<u>0.74%</u>
Total	<u>\$ 3,190,513</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, 2016:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 271,530
Investments	3,190,513
Cash on hand	<u>95</u>
Total	<u>\$ 3,462,138</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 3,312,998
Private-purpose trust fund	83,057
Agency fund	<u>66,083</u>
Total	<u>\$ 3,462,138</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances at June 30, 2016, 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>\$ 82,897</u>

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

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, 2016 are reported on the statement of net position.

- B.** Long-term loans to/from other funds at June 30, 2016 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>\$ 70,683</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.

- C.** Interfund transfers for the year ended June 30, 2016, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
<u>Transfers from the permanent improvement fund to:</u>	
Nonmajor governmental fund	<u>\$ 57,877</u>

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, 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 2016 represent the collection of calendar year 2015 taxes. Public utility real and personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, 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.

The District receives property taxes from Sandusky and Ottawa Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 was \$726,106 in the general fund, \$137,824 in the bond retirement fund, \$74,635 in the permanent improvement fund (a nonmajor governmental fund) and \$7,378 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2015 was \$576,201 in the general fund, \$83,956 in the bond retirement fund (a nonmajor governmental fund), \$59,075 in the permanent improvement fund and \$8,294 in the classroom facilities maintenance 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, 2016 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.

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.

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 138,412,670	95.32	\$ 146,946,760	96.88
Public utility personal	<u>6,797,340</u>	<u>4.68</u>	<u>4,736,720</u>	<u>3.12</u>
Total	<u>\$ 145,210,010</u>	<u>100.00</u>	<u>\$ 151,683,480</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$55.58		\$58.78	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2016 consisted of property taxes, 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	\$ 5,342,424
Accrued interest	2,982
Intergovernmental	<u>249,255</u>
Total	<u>\$ 5,594,661</u>

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

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance</u> <u>06/30/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/16</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 174,516	\$ -	\$ -	\$ 174,516
Construction in progress	<u>-</u>	<u>27,788</u>	<u>-</u>	<u>27,788</u>
Total capital assets, not being depreciated	<u>174,516</u>	<u>27,788</u>	<u>-</u>	<u>202,304</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	628,133	-	-	628,133
Buildings and improvements	31,903,293	939,748	-	32,843,041
Furniture and equipment	2,032,739	335,520	-	2,368,259
Vehicles	<u>1,049,052</u>	<u>-</u>	<u>-</u>	<u>1,049,052</u>
Total capital assets, being depreciated:	<u>35,613,217</u>	<u>1,275,268</u>	<u>-</u>	<u>36,888,485</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(574,686)	(8,910)	-	(583,596)
Buildings and improvements	(5,505,229)	(685,296)	-	(6,190,525)
Furniture and equipment	(1,407,121)	(86,721)	-	(1,493,842)
Vehicles	<u>(750,445)</u>	<u>(63,592)</u>	<u>-</u>	<u>(814,037)</u>
Total accumulated depreciation	<u>(8,237,481)</u>	<u>(844,519)</u>	<u>-</u>	<u>(9,082,000)</u>
Governmental activities capital assets, net	<u>\$ 27,550,252</u>	<u>\$ 458,537</u>	<u>\$ -</u>	<u>\$ 28,008,789</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 261,498
Special	1,446
Vocational	6,187
<u>Support services:</u>	
Pupil	12,040
Instructional staff	15,535
Board of education	7,251
Administration	82,186
Operations and maintenance	299,428
Pupil transportation	81,735
Extracurricular activities	12,964
Food service operations	<u>64,249</u>
Total depreciation expense	<u>\$ 844,519</u>

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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.

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 \$17,120 at June 30, 2016 has been recorded in the statement of net position. Accumulated depreciation as of June 30, 2016 was \$159,001, leaving a current book value of \$8,855. Principal and interest payments in fiscal year 2016 totaled \$17,835 and \$1,296, respectively, paid by the general fund.

During a prior fiscal year, the District entered into a lease agreement with Dell, Inc. These leases meet the criteria of a lease as defined by GAAP, which defines a lease generally as one which transfers benefits and risks of ownership to the lessee. This lease was used to acquire various Dell products for students including computers. At June 30, 2016, these items acquired by lease total \$163,436 and have not been capitalized due to each item being under the capitalization threshold. Lease-purchase payments have been reflected as debt service expenditures from the general fund. Principal and interest payments in fiscal year 2016 totaled \$29,850 and \$5,804, respectively.

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, 2016:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 53,188
2018	35,654
2019	<u>35,653</u>
Total minimum lease payments	124,495
Less: Amount representing interest	<u>(9,443)</u>
Total	<u>\$ 115,052</u>

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2016, the following changes occurred in governmental activities long-term obligations:

<u>Governmental activities:</u>	<u>Balance</u> <u>06/30/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/16</u>	<u>Amount</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	\$ 10,000	\$ -	\$ (10,000)	\$ -	\$ -
Term bonds	13,245,000	-	-	13,245,000	-
Capital appreciation bonds	224,834	-	-	224,834	22,945
Accreted interest	172,789	106,391	-	279,180	28,370
<u>Series 2012 B - Facilities and School Improvement</u>					
Current interest bonds	155,000	-	(30,000)	125,000	80,000
Term bonds	1,810,000	-	-	1,810,000	-
Capital appreciation bonds	45,482	-	(45,482)	-	-
Accreted interest	39,777	9,741	(49,518)	-	-
Total General obligation bonds	<u>15,702,882</u>	<u>116,132</u>	<u>(135,000)</u>	<u>15,684,014</u>	<u>131,315</u>
Capital lease obligation	162,737	-	(47,685)	115,052	48,325
Net pension liability	13,474,837	1,269,707	-	14,744,544	-
Compensated absences	653,781	262,350	(210,968)	705,163	68,258
Total	<u>\$ 29,994,237</u>	<u>\$ 1,648,189</u>	<u>\$ (393,653)</u>	<u>\$ 31,248,773</u>	<u>\$ 247,898</u>

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

Net pension liability: See note 13 for detail on the net pension liability.

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

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 January 15, 2017 through January 15, 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 \$279,180 has been included in the statement of net position at June 30, 2016.

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 January 15, 2015 and January 15, 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%.

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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
2017	\$ -	\$ 488,162	\$ 488,162	\$ -	\$ -	\$ -
2018	-	488,163	488,163	-	-	-
2019	-	488,163	488,163	-	-	-
2020	-	488,162	488,162	-	-	-
2021	-	488,163	488,163	-	-	-
2022 - 2026	-	-	-	1,295,000	2,375,427	3,670,427
2027 - 2031	-	-	-	1,695,000	2,150,246	3,845,246
2032 - 2036	-	-	-	2,075,000	1,835,619	3,910,619
2037 - 2041	-	-	-	2,485,000	1,418,563	3,903,563
2042 - 2046	-	-	-	2,985,000	907,012	3,892,012
2047 - 2050	-	-	-	2,710,000	273,400	2,983,400
<b>Total</b>	<b>\$ -</b>	<b>\$ 2,440,813</b>	<b>\$ 2,440,813</b>	<b>\$ 13,245,000</b>	<b>\$ 8,960,267</b>	<b>\$ 22,205,267</b>

Fiscal Year Ending June 30.	Capital Appreciation Bonds - Series 2012A			Total - Series 2012A		
	Principal	Interest	Total	Principal	Interest	Total
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	51,458	183,542	235,000	51,458	671,705	723,163
2020	43,115	206,885	250,000	43,115	695,047	738,162
2021	33,957	216,043	250,000	33,957	704,206	738,163
2022 - 2026	8,024	66,976	75,000	1,303,024	2,442,403	3,745,427
2027 - 2031	-	-	-	1,695,000	2,150,246	3,845,246
2032 - 2036	-	-	-	2,075,000	1,835,619	3,910,619
2037 - 2041	-	-	-	2,485,000	1,418,563	3,903,563
2042 - 2046	-	-	-	2,985,000	907,012	3,892,012
2047 - 2050	-	-	-	2,710,000	273,400	2,983,400
<b>Total</b>	<b>\$ 224,834</b>	<b>\$ 885,166</b>	<b>\$ 1,110,000</b>	<b>\$ 13,469,834</b>	<b>\$ 12,286,246</b>	<b>\$ 25,756,080</b>

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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
2017	\$ 80,000	\$ 76,525	\$ 156,525	\$ -	\$ -	\$ -
2018	15,000	74,925	89,925	-	-	-
2019	15,000	74,625	89,625	-	-	-
2020	15,000	74,325	89,325	-	-	-
2021	-	-	-	15,000	74,006	89,006
2022 - 2026	-	-	-	85,000	361,513	446,513
2027 - 2031	-	-	-	105,000	344,475	449,475
2032 - 2036	-	-	-	180,000	320,725	500,725
2037 - 2041	-	-	-	345,000	273,038	618,038
2042 - 2046	-	-	-	535,000	188,913	723,913
2047 - 2050	-	-	-	545,000	59,288	604,288
<b>Total</b>	<b>\$ 125,000</b>	<b>\$ 300,400</b>	<b>\$ 425,400</b>	<b>\$ 1,810,000</b>	<b>\$ 1,621,958</b>	<b>\$ 3,431,958</b>

Fiscal Year Ending June 30,	Total - Series 2012B		
	Principal	Interest	Total
2017	\$ 80,000	\$ 76,525	\$ 156,525
2018	15,000	74,925	89,925
2019	15,000	74,625	89,625
2020	15,000	74,325	89,325
2021	15,000	74,006	89,006
2022 - 2026	85,000	361,513	446,513
2027 - 2031	105,000	344,475	449,475
2032 - 2036	180,000	320,725	500,725
2037 - 2041	345,000	273,038	618,038
2042 - 2046	535,000	188,913	723,913
2047 - 2050	545,000	59,288	604,288
<b>Total</b>	<b>\$ 1,935,000</b>	<b>\$ 1,922,358</b>	<b>\$ 3,857,358</b>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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, 2016, is an unvoted debt margin of \$151,683.

**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.

**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	\$56,864,716
Inland Marine - Electronic Data Processing Equipment	1,250,000
Inland Marine - Musical Equipment, electronics, uniforms	250,000
Inland Marine - Mobile Equipment	10,700
Automobile Liability (\$0 deductible per person/accident)	\$12,000,000
Medical Payments - per person	10,000
per accident	25,000

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

General School District Liability	
Per occurrence	\$15,000,000
General Aggregate Liability	17,000,000
Educators Legal Liability (per occurrence)	15,000,000
Educators Legal Liability (aggregate)	15,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2016.

**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 a Group Rating Plan (the "Plan") through Sheakley UniComp, an insurance purchasing pool (See Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$219,878 for fiscal year 2016. Of this amount, \$34,209 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

**WOODMORE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$644,942 for fiscal year 2016. Of this amount, \$104,256 is reported as pension and postemployment benefits payable.

**WOODMORE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 2,659,777	\$ 12,084,767	\$ 14,744,544
Proportion of the net pension liability	0.046612900%	0.043726650%	
Pension expense	\$ 180,904	\$ 487,497	\$ 668,401

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 42,586	\$ 554,707	\$ 597,293
Changes in proportionate share	34,516	-	34,516
District contributions subsequent to the measurement date	<u>219,878</u>	<u>644,942</u>	<u>864,820</u>
Total deferred outflows of resources	<u>\$ 296,980</u>	<u>\$ 1,199,649</u>	<u>\$ 1,496,629</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 82,583	\$ 942,037	\$ 1,024,620
Changes in proportionate share	<u>-</u>	<u>488,753</u>	<u>488,753</u>
Total deferred inflows of resources	<u>\$ 82,583</u>	<u>\$ 1,430,790</u>	<u>\$ 1,513,373</u>

\$864,820 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2017	\$ (19,275)	\$ (341,360)	\$ (360,635)
2018	(19,275)	(341,360)	(360,635)
2019	(19,278)	(341,360)	(360,638)
2020	<u>52,347</u>	<u>147,997</u>	<u>200,344</u>
Total	<u>\$ (5,481)</u>	<u>\$ (876,083)</u>	<u>\$ (881,564)</u>

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
 Total	 <u><u>100.00 %</u></u>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 3,688,155	\$ 2,659,777	\$ 1,793,798

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS*

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS’ investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 16,786,653	\$ 12,084,767	\$ 8,108,621

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the District's surcharge obligation was \$23,089.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$23,089, \$33,912, and \$21,181, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

**B. State Teachers Retirement System**

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$48,426, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

**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, 2016

**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	\$ 718,408
Net adjustment for revenue accruals	87,460
Net adjustment for expenditure accruals	(108,936)
Net adjustment for other sources/uses	82,897
Funds budgeted elsewhere	(2,847)
Adjustment for encumbrances	166,413
GAAP basis	\$ 943,395

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.

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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.

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, 2015	\$ -
Current year set-aside requirement	185,451
Current year offsets	<u>(185,451)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2017	<u>\$ -</u>
Set-aside balance June 30, 2016	<u>\$ -</u>

In addition to the above statutory set-asides, the District also has \$21,594 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>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 109,475
Permanent improvements	343,323
Other governmental	<u>46,450</u>
Total	<u>\$ 499,248</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.04661290%	0.04571300%	0.04571300%
District's proportionate share of the net pension liability	\$ 2,659,777	\$ 2,313,509	\$ 2,718,405
District's covered-employee payroll	\$ 1,403,293	\$ 1,328,319	\$ 1,349,263
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.54%	174.17%	201.47%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.04372665%	0.04588709%	0.04588709%
District's proportionate share of the net pension liability	\$ 12,084,767	\$ 11,161,328	\$ 13,295,301
District's covered-employee payroll	\$ 4,610,079	\$ 4,688,392	\$ 4,827,954
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	262.14%	238.06%	275.38%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 219,878	\$ 184,954	\$ 184,105	\$ 186,738	\$ 170,932
Contributions in relation to the contractually required contribution	<u>(219,878)</u>	<u>(184,954)</u>	<u>(184,105)</u>	<u>(186,738)</u>	<u>(170,932)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered-employee payroll	\$ 1,570,557	\$ 1,403,293	\$ 1,328,319	\$ 1,349,263	\$ 1,270,870
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 168,516	\$ 166,370	\$ 117,164	\$ 110,933	\$ 113,882
<u>(168,516)</u>	<u>(166,370)</u>	<u>(117,164)</u>	<u>(110,933)</u>	<u>(113,882)</u>
<u>\$ -</u>				
\$ 1,340,621	\$ 1,228,730	\$ 1,190,691	\$ 1,129,664	\$ 1,066,311
12.57%	13.54%	9.84%	9.82%	10.68%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 644,942	\$ 645,411	\$ 609,491	\$ 627,634
Contributions in relation to the contractually required contribution	<u>(644,942)</u>	<u>(645,411)</u>	<u>(609,491)</u>	<u>(627,634)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,606,729	\$ 4,610,079	\$ 4,688,392	\$ 4,827,954
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 599,112	\$ 620,161	\$ 585,407	\$ 588,045	\$ 590,419	\$ 585,216
<u>(599,112)</u>	<u>(620,161)</u>	<u>(585,407)</u>	<u>(588,045)</u>	<u>(590,419)</u>	<u>(585,216)</u>
<u>\$ -</u>					
\$ 4,608,554	\$ 4,770,469	\$ 4,503,131	\$ 4,523,423	\$ 4,541,685	\$ 4,501,662
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

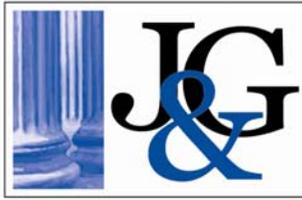
*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2016.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2016.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.



## **Julian & Grube, Inc.**

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### **Independent Auditor's 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 the Woodmore Local School District, Sandusky County, Ohio as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Woodmore Local School District's basic financial statements and have issued our report thereon dated December 8, 2016.

#### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Woodmore Local School 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 Woodmore Local School District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings and responses we did identify certain deficiencies in internal control over financial reporting that we consider a material weakness and significant deficiencies.

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 Woodmore Local School District's financial statements. We consider finding 2016-001 described in the schedule of findings and responses to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2016-002 and 2016-003 described in the accompanying schedule of findings and responses to be significant deficiencies.

Board of Education  
Woodmore Local School District

***Compliance and Other Matters***

As part of reasonably assuring whether the Woodmore Local School 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2016-003 through 2016-005.

***Woodmore Local School District's Response to Findings***

The Woodmore Local School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Woodmore Local School District's responses and, accordingly, we express no opinion on them.

***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 Woodmore Local School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Woodmore Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
December 8, 2016

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

**SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2016-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and citizens with objective and timely information to enable well-informed decisions.

Numerous adjustments were made to the financial statements for the year ended June 30, 2016, to properly state financial statement amounts.

The audited financial statements and District records have been adjusted for the misstatements identified during the audit.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the District consult with their auditors, an accounting/consulting firm and/or OASBO to consider obtaining an overall review of the financial statements and notes prior to submitting to the auditor as an additional internal control to help ensure accurate financial reporting.

*Client's Response:* The Treasurer will work to provide a sound fiscal environment for the District and has implemented policies and procedures to help with financial statement presentation.

Finding Number	2016-002
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Significant Deficiency - Payroll Controls

Proper controls over the payroll process help ensure that payrolls contain no errors, whether due to fraud or error.

The District had multiple payroll errors, both overpayments and underpayments, during the fiscal year.

Without proper controls over payroll, variances, whether due to fraud or error, could occur. In addition, employees and the public could lose confidence in the Treasurer's office to properly manage District finances.

We recommend the District implement additional controls over the payroll process. Such controls may consist of the District implementing additional checks and balances over all data input into the payroll system to help ensure accuracy.

*Client's Response:* The District employed a new payroll clerk during the fiscal year. The Treasurer has implemented several payroll controls and provided oversight in the payroll office to ensure payroll accuracy in the future.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2016-003

Noncompliance/Significant Deficiency - Ohio Revised Code/Athletic Account

Ohio Revised Code Section 9.38, in part requires that public money be deposited to a designated depository on the business day following the day of receipt, if the total amount of such moneys received exceeds one-thousand dollars.

There were several receipts related to athletic events which were not deposited into the District’s bank account until one week or more from the date of the event.

By not making timely deposits with the designated depository, the athletic receipts are subject to an increased risk of loss and theft.

We recommend that athletic receipts be deposited with the designated depository within the requirements set forth by the ORC and District policy.

*Client Response:* The Treasurer has worked to implement internal controls in order to ensure timely deposits in the future.

Finding Number	2016-004
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Noncompliance – Ohio Revised Code

Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

Expenditures exceeded appropriations in the following fund:

<u>Major Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Bond Retirement	\$ 717,570	\$ 998,964	\$ 281,394

With disbursements exceeding appropriations, the District is spending monies that have not lawfully been appropriated by the Board of Education. This may result in unnecessary spending.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring their expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

*Client Response:* The Board will attempt to approve and modify appropriations in a timely manner in accordance with the Ohio Revised Code.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2016-005

Noncompliance - Ohio Revised Code

Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure comply with the same provisions of the law as used in making the original appropriations.

Expenditures exceeded appropriations during the fiscal year and at fiscal year-end in the Bond Retirement fund. Thus, the District did not timely or properly modify its appropriations.

By not timely and properly modifying appropriations, the District is not adequately monitoring its appropriations. This may result in appropriating monies in excess of estimated resources, having expenditures exceed appropriations, and possibly, fund deficits.

We recommend the District comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring its budgetary process on a regular basis and approving amendments as necessary.

Client Response: The Treasurer has implemented procedures to allow for additional oversight with regard to appropriations. This will allow the Board to modify and approve all appropriations in a timely manner and in accordance with the Ohio Revised Code.

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

**STATUS OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2015-001	<u>Material Weakness - Financial Statement Presentation</u> - Numerous adjustments were made to the financial statements for the year ended June 30, 2015, to properly state financial statement amounts. Additionally, certain fund balances were restated as of June 30, 2014.	No	Repeated as finding 2016-001
2015-002	<u>Material Weakness - Bank Reconciliation</u> - The District did not fully reconcile the investment balances of the bank to the USAS records of the District.	Yes	N/A
2015-003	<u>Significant Deficiency - Payroll Controls</u> - The District had multiple payroll errors, both overpayments and underpayments, during the fiscal year. We also noted several underpayments of sick and personal leave payout to retiring employees.	No	Repeated as finding 2016-002
2015-004	<u>Noncompliance/Significant Deficiency - Ohio Revised Code/Athletic Account</u> - Ohio Revised Code Section 9.38, in part requires that public money be deposited to a designated depository on the business day following the day of receipt, if the total amount of such moneys received exceeds one-thousand dollars. There were several receipts related to athletic events which were not deposited into the District's bank account until one week or more from the date of the event.	No	Repeated as finding 2016-003

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

**STATUS OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <u>Explain:</u></b>
2015-005	<u>Noncompliance</u> - Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. We examined \$7,064,126 of expenditures, related to the construction of the District's new elementary/middle school building, which were not certified in a timely manner.	Yes	N/A
2015-006	<u>Noncompliance</u> - Ohio Revised Code Section 149.43 requires that all public records be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection. In addition, Ohio Revised Code Section 121.22 requires that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. In September 2015, the District settled a lawsuit filed by a local resident due to insufficiently meeting these requirements. Minutes for several meetings within the year ended June 30, 2015 were alleged to be deficient. Furthermore, several subcommittee meetings were held which were not announced to the public. In addition, certain minutes lacked individual board member votes.	Yes	N/A

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

**STATUS OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2015-007	<u>Noncompliance</u> - Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated. Expenditures exceeded appropriations in the General and Classroom Facilities Funds.	No	Repeated as finding 2016-004
2015-008	<u>Noncompliance</u> - Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure comply with the same provisions of the law as used in making the original appropriations. Expenditures exceeded appropriations during the fiscal year and at fiscal year-end in the General and Classroom Facilities funds. Thus, the District did not timely or properly modify its appropriations.	No	Repeated as finding 2016-005
2015-009	<u>Noncompliance</u> - Ohio Administrative Code 117-2-02(C)(1) states that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances. The District's appropriations as approved in the minutes did not agree to the USAS Accounting System appropriations.	Yes	N/A

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

**STATUS OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <u>Explain:</u></b>
2015-010	<p><u>Noncompliance/Questioned Cost - Migrant - Allowable Costs/Cost Principles - 2 C.F.R. Part 225, Appendix A(c)(1) requires that to be allowable under federal awards, costs must be adequately documented. Costs were directly charged to the Title I – Migrant Education Program for bus usage, utilities and supplies totaling \$33,936 for which no supporting documentation could be produced to authenticate the allowability of charges.</u></p>	Yes	N/A
2015-011	<p><u>Noncompliance/Material Weakness - State Fiscal Stabilization Fund– Cash Management - 34 CFR 80.20(b)(7) requires procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursements by grantees and sub-grantees must be followed whenever advance payment procedures are used. The District spent \$65,259 of State Fiscal Stabilization Funds (SFSF) grants monies. This amount relates to monies received as a part of the 2010 and 2011 SFSF grants which were not spent until the current fiscal year.</u></p>	Yes	N/A

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

**STATUS OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <u>Explain:</u></b>
2015-012	<p><u>Noncompliance/Material Weakness - State Fiscal Stabilization Fund - Period of Availability - 2 CFR 215.28</u> states that when a grant specifies a funding period, recipients may only charge to the grant costs resulting from obligations incurred during and prior to the funded period. The District spent \$65,259 of State Fiscal Stabilization Funds (SFSF) grants monies. This amount relates to monies received as a part of the 2010 and 2011 SFSF grants which were not spent until the current fiscal year. The period of availability for these grants ended September 30, 2010 and 2011, respectively.</p>	Yes	N/A



# 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 9, 2017**