WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

DAN RUSSOMANNO, 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, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

April 4, 2018

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WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO

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Julian & Grube, Inc.
Serving Ohio Local Governments
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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, 2017, 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 Districts 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 such 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, 2017, 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 liability 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.

Supplementary Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2018, 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.

Julian & Grube, Inc.
January 25, 2018

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, 2017. 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 2017 are as follows:

- In total, net position of governmental activities decreased $306,548 which represents a 107.12% decrease from 2016.

- General revenues accounted for $11,375,989 in revenue or 83.62% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $2,228,509 or 16.38% of total revenues of $13,604,498.

- The District had $13,713,386 in expenses related to governmental activities; $2,228,509 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 $11,375,989 were not adequate to provide for these programs.

- The District's major governmental funds are the general fund and bond retirement fund. The general fund had $11,350,815 in revenues and other financing sources and $10,558,796 in expenditures and other financing uses. During fiscal year 2017, the general fund's fund balance increased $792,019 from a balance of $1,337,525 to $2,129,544.

- The bond retirement fund had $751,650 in revenues and $903,928 in expenditures and other financing uses. During fiscal year 2017, the bond retirement fund's fund balance decreased $152,278 from a balance of $757,396 to $605,118.

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.

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 2017?" 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* that 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.

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 24-64 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 65-71 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, 2017 and June 30, 2016.

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WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	Net Position	
	Governmental Activities 2017	Governmental Activities 2016
Assets		
Current and other assets	$ 10,054,733	$ 9,039,230
Capital assets, net	27,923,937	28,008,789
Total assets	37,978,670	37,048,019
Deferred Outflows of Resources		
Pension	3,241,619	1,496,629
Total deferred outflows of resources	3,241,619	1,496,629
Liabilities		
Current liabilities	1,889,635	1,301,428
Long-term liabilities:		
Due within one year	309,303	247,898
Due within more than one year:		
Net pension liability	17,985,044	14,744,544
Other amounts	16,247,723	16,256,331
Total liabilities	36,431,705	32,550,201
Deferred Inflows of Resources		
Property taxes levied for the next fiscal year	4,394,836	4,194,914
Pension	414,136	1,513,373
Total deferred inflows of resources	4,808,972	5,708,287
Net Position		
Net investment in capital assets	12,307,438	12,586,835
Restricted	1,611,068	1,786,210
Unrestricted (deficit)	(13,938,894)	(14,086,885)
Total net position (deficit)	$ (20,388)	$ 286,160

The District has 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.

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.

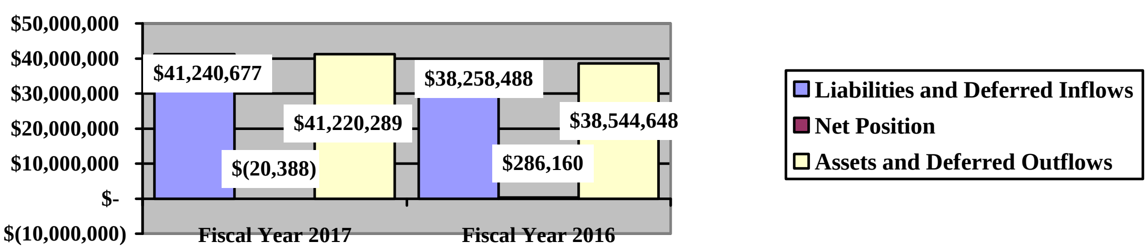
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $20,388. Of this total, $1,611,068 is restricted in use.

At fiscal year-end, capital assets represented 73.53% 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, 2017, was $12,307,438. 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, $1,611,068, 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 $13,938,894.

The table below presents the District's governmental activities liabilities and deferred inflows, net position and assets and deferred outflows as of June 30, 2017 and June 30, 2016.

Governmental Activities



The table below shows the change in net position for fiscal years 2017 and 2016.

Change in Net Position

	Governmental Activities 2017	Governmental Activities 2016
Revenues		
Program revenues:		
Charges for services and sales	$ 1,020,359	$ 824,943
Operating grants and contributions	1,208,150	1,106,637
General revenues:		
Property taxes	5,583,932	5,682,738
Grants and entitlements	5,691,554	5,326,760
Payment in lieu of taxes	21,000	21,000
Investment earnings	30,630	41,022
Miscellaneous	48,873	123,110
Total revenues	13,604,498	13,126,210

Change in Net Position

	Governmental Activities 2017	Governmental Activities 2016
Expenses		
Program expenses:		
Instruction:		
Regular	$ 5,718,361	$ 5,507,262
Special	1,396,172	1,177,463
Vocational	10,062	17,377
Other	1,437	3,710
Support services:		
Pupil	947,531	719,749
Instructional staff	171,584	142,128
Board of education	109,395	168,192
Administration	1,028,147	1,000,898
Fiscal	377,868	391,569
Business	-	217
Operations and maintenance	1,379,996	1,192,491
Pupil transportation	671,418	596,216
Central	203,748	611
Operation of non instructional services:		
Other non-instructional services	75,079	67,451
Food service operations	393,475	411,419
Extracurricular activities	458,873	429,692
Interest and fiscal charges	770,240	969,772
Total expenses	13,713,386	12,796,217
Special item - refund to the Ohio Facilities Construction Commission	(197,660)	-
Change in net position	(306,548)	329,993
Net position (deficit) at beginning of year	286,160	(43,833)
Net position (deficit) at end of year	$ (20,388)	$ 286,160

Governmental Activities

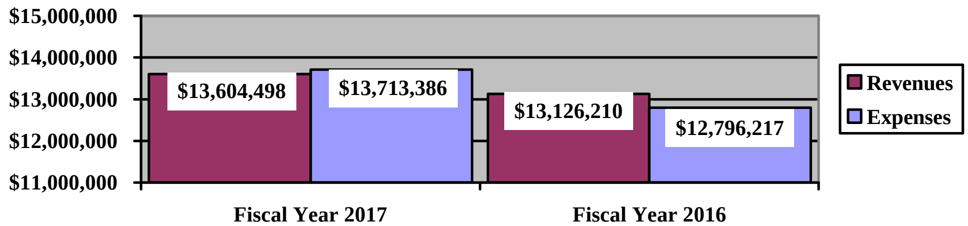
Net position of the District's governmental activities decreased $306,548. Total governmental expenses of $13,713,386 and a special item - refund to the Ohio Facilities Construction Commission of $197,660 were offset by program revenues of $2,228,509 and general revenues of $11,375,989. Program revenues supported 16.25% 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 82.88% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled $7,126,032 or 51.96% of total governmental expenses for fiscal year 2017.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2017 and 2016.

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.

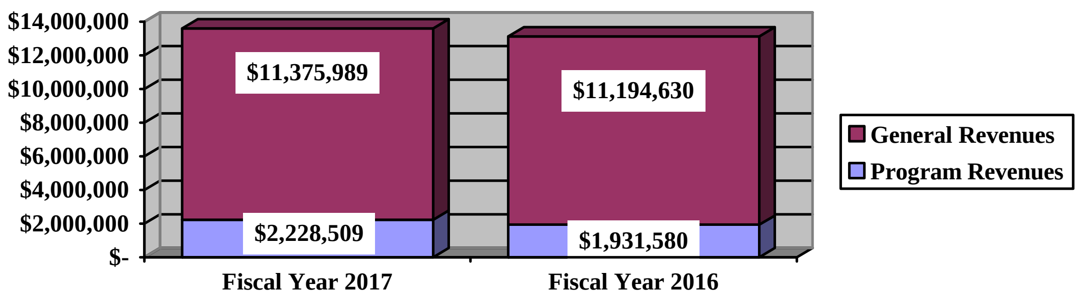
Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program expenses				
Instruction:				
Regular	$ 5,718,361	$ 5,087,046	$ 5,507,262	$ 5,024,383
Special	1,396,172	491,256	1,177,463	419,943
Vocational	10,062	(90,009)	17,377	8,460
Other	1,437	1,437	3,710	3,710
Support services:				
Pupil	947,531	895,054	719,749	677,704
Instructional staff	171,584	158,693	142,128	122,018
Board of education	109,395	109,395	168,192	168,192
Administration	1,028,147	1,027,381	1,000,898	931,958
Fiscal	377,868	377,868	391,569	391,569
Business	-	-	217	217
Operations and maintenance	1,379,996	1,361,343	1,192,491	1,175,586
Pupil transportation	671,418	652,728	596,216	566,838
Central	203,748	201,669	611	611
Operations of non-instructional services:				
Non-instructional services	75,079	9,842	67,451	13,450
Food service operations	393,475	134,044	411,419	136,346
Extracurricular activities	458,873	296,890	429,692	253,880
Interest and fiscal charges	770,240	770,240	969,772	969,772
Total expenses	$ 13,713,386	$ 11,484,877	$ 12,796,217	$ 10,864,637

The dependence upon tax and other general revenues for governmental activities is apparent; 77.04% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 83.75%. 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 2017 and 2016.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of $3,626,832, which is more than last year's balance of $3,458,971. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and June 30, 2016.

	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Increase (Decrease)	Percentage Change
General	$ 2,129,544	$ 1,337,525	$ 792,019	59.22 %
Bond retirement	605,118	757,396	(152,278)	(20.11) %
Other governmental	892,170	1,364,050	(471,880)	(34.59) %
Total	$ 3,626,832	$ 3,458,971	$ 167,861	4.85 %

General Fund

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

	2017 Amount	2016 Amount	Increase/ (Decrease)	Percentage Change
Revenues				
Taxes	$ 4,546,302	$ 4,476,191	$ 70,111	1.57 %
Tuition	536,073	410,187	125,886	30.69 %
Earnings on investments	32,606	35,009	(2,403)	(6.86) %
Intergovernmental	5,924,040	5,582,806	341,234	6.11 %
Other revenues	246,732	224,929	21,803	9.69 %
Total	$ 11,285,753	$ 10,729,122	$ 556,631	5.19 %
Expenditures				
Instruction	$ 6,056,758	$ 5,896,783	$ 159,975	2.71 %
Support services	4,102,848	3,497,232	605,616	17.32 %
Extracurricular activities	271,546	279,050	(7,504)	(2.69) %
Facilities acquisition and construction	111	-	111	100.00 %
Capital outlay	65,062	-	65,062	100.00 %
Debt service	62,445	54,785	7,660	13.98 %
Total	$ 10,558,770	$ 9,727,850	$ 830,920	8.54 %

Overall revenues of the general fund increased $556,631 or 5.19%. Intergovernmental revenues increased $341,234 or 6.11% mainly due to an increase in state foundation. Earnings on investments decreased $2,403 or 6.86% due to declining interest rates on the investments held by the District in fiscal year 2017. Tuition revenue increased $125,886 or 30.69% due to more open enrollment income. Other revenues increased as a result of increased refunds and reimbursements. All other revenues remained comparable to prior year.

Instruction and support services of the general fund increased $765,591, primarily due to the addition of certified and administrative staff positions during fiscal year 2017. Capital outlay expenditures increased $65,062 due to the District entering a capital lease for copiers in fiscal year 2017. All other expenditures remained comparable to prior year.

Bond Retirement Fund

The bond retirement fund had $751,650 in revenues and $903,928 in expenditures and other financing uses. During fiscal year 2017, the bond retirement fund's fund balance decreased $152,278 from a balance of $757,396 to $605,118.

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 and other financing sources were $10,218,531 which was the less than final budgeted revenues and other financing sources of $10,552,004. Actual revenues and other financing sources for fiscal year 2017 were $11,177,316. This represents a $625,312 increase over final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures and other financing uses) were $10,238,572, while final appropriations totaled $10,438,572. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled $10,505,611, which was $67,039 more than the final budget appropriations mainly due to advances out.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the District had $27,923,937 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, 2017 balances compared to the amount of capital assets at June 30, 2016.

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	$ 174,516	$ 174,516
Construction in progress	188,559	27,788
Land improvements	65,346	44,537
Building and improvements	25,971,179	26,652,516
Furniture and equipment	1,201,011	874,417
Vehicles	323,326	235,015
Total	$ 27,923,937	$ 28,008,789

The overall decrease of capital assets is $84,852, due to capital asset additions of $778,112 being exceeded by depreciation expense of $862,964.

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

Debt Administration

At June 30, 2017, the District had $15,864,923 in capital leases and general obligation bonds outstanding. Of this amount $244,729 is due within one year and $15,620,194 is due within more than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2017	Governmental Activities 2016
Capital lease obligation	$ 126,051	$ 115,052
General obligation bonds	15,738,872	15,684,014
Total	$ 15,864,923	$ 15,799,066

At June 30, 2017, the District's voted debt margin was $302,971 (including available funds of $605,118). See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

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

The District has made many budget reductions over the last several years and is continuing to look at all areas to try to save more. The current five-year forecast shows a positive cash balance for the entire forecast through fiscal year 2022. Because of this, the District has begun adding back some of the reduced positions. The District is projected to be in a deficit spending situation beginning in fiscal year 2020 and will need to continue to evaluate its financial position as it tries to improve the District while remaining financially viable.

Contacting the District's Financial Management

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

WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets:	
Equity in pooled cash and investments	$ 3,959,123
Receivables:	
Property taxes	5,628,990
Accrued interest	2,018
Intergovernmental	384,705
Prepayments	54,858
Materials and supplies inventory	22,663
Inventory held for resale	2,376
Capital assets:	
Nondepreciable capital assets	363,075
Depreciable capital assets, net	27,560,862
Capital assets, net	27,923,937
Total assets	37,978,670
Deferred outflows of resources:	
Pension - STRS	2,502,066
Pension - SERS	739,553
Total deferred outflows of resources	3,241,619
Liabilities:	
Accounts payable	66,638
Contracts payable	188,559
Accrued wages and benefits payable	942,043
Intergovernmental payable	282,441
Pension and postemployment benefits payable	149,599
Accrued interest payable	260,355
Long-term liabilities:	
Due within one year	309,303
Due in more than one year:	
Net pension liability (See Note 13)	17,985,044
Other amounts due in more than one year	16,247,723
Total liabilities	36,431,705
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	4,394,836
Pension - STRS	366,565
Pension - SERS	47,571
Total deferred inflows of resources	4,808,972
Net position:	
Net investment in capital assets	12,307,438
Restricted for:	
Capital projects	743,760
Classroom facilities maintenance	318,423
Debt service	360,528
Federally funded programs	135,095
Student activities	46,833
Other purposes	6,429
Unrestricted (deficit)	(13,938,894)
Total net position (deficit)	$ (20,388)

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, 2017

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 5,718,361	$ 606,588	$ 24,727	$ (5,087,046)
Special	1,396,172	-	904,916	(491,256)
Vocational	10,062	87,759	12,312	90,009
Other	1,437	-	-	(1,437)
Support services:				
Pupil	947,531	-	52,477	(895,054)
Instructional staff	171,584	-	12,891	(158,693)
Board of education	109,395	-	-	(109,395)
Administration	1,028,147	-	766	(1,027,381)
Fiscal	377,868	-	-	(377,868)
Operations and maintenance	1,379,996	12,000	6,653	(1,361,343)
Pupil transportation	671,418	-	18,690	(652,728)
Central	203,748	-	2,079	(201,669)
Operation of non-instructional services:				
Other non-instructional services	75,079	-	65,237	(9,842)
Food service operations	393,475	153,822	105,609	(134,044)
Extracurricular activities	458,873	160,190	1,793	(296,890)
Interest and fiscal charges	770,240	-	-	(770,240)
Total governmental activities	$ 13,713,386	$ 1,020,359	$ 1,208,150	(11,484,877)

General revenues:	
Property taxes levied for:	
General purposes	4,496,796
Debt service	638,544
Capital outlay	345,618
Special revenue	102,974
Payments in lieu of taxes	21,000
Grants and entitlements not restricted to specific programs	5,691,554
Investment earnings	30,630
Miscellaneous	48,873
Total general revenues	11,375,989
Special item - refund to the Ohio Facilities Construction Commission	(197,660)
Change in net position	(306,548)
Net position at beginning of year	286,160
Net position (deficit) at end of year	$ (20,388)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and investments	$ 2,084,124	$ 473,154	$ 1,401,845	$ 3,959,123
Receivables:				
Property taxes	4,496,878	673,772	458,340	5,628,990
Accrued interest	2,018	-	-	2,018
Interfund loans	123,500	-	469,584	593,084
Intergovernmental	100,976	-	283,729	384,705
Prepayments	54,118	-	740	54,858
Materials and supplies inventory	20,966	-	1,697	22,663
Inventory held for resale	-	-	2,376	2,376
Due from other funds	29,889	-	-	29,889
Total assets	$ 6,912,469	$ 1,146,926	$ 2,618,311	$ 10,677,706
Liabilities:				
Accounts payable	$ 38,865	$ -	$ 27,773	$ 66,638
Contracts payable	-	-	188,559	188,559
Accrued wages and benefits payable	865,024	-	77,019	942,043
Compensated absences payable	20,488	-	6,724	27,212
Intergovernmental payable	83,104	-	199,337	282,441
Pension and postemployment benefits payable	123,244	-	26,355	149,599
Interfund loans payable	-	-	593,084	593,084
Due to other funds	-	-	29,889	29,889
Total liabilities	1,130,725	-	1,148,740	2,279,465
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	3,510,913	526,043	357,880	4,394,836
Delinquent property tax revenue not available	105,218	15,765	10,720	131,703
Intergovernmental revenue not available	35,063	-	208,801	243,864
Accrued interest not available	1,006	-	-	1,006
Total deferred inflows of resources	3,652,200	541,808	577,401	4,771,409
Fund balances:				
Nonspendable:				
Materials and supplies inventory	20,966	-	1,697	22,663
Prepaids	54,118	-	740	54,858
Restricted:				
Debt service	-	605,118	-	605,118
Capital improvements	-	-	735,226	735,226
Classroom facilities maintenance	-	-	316,237	316,237
Special education	-	-	549	549
Targeted academic assistance	-	-	4,553	4,553
Other purposes	6,429	-	-	6,429
Extracurricular activities	-	-	46,825	46,825
Assigned:				
Student instruction	1,581	-	-	1,581
Student and staff support	78,093	-	-	78,093
School supplies	11,303	-	-	11,303
Unassigned (deficit)	1,957,054	-	(213,657)	1,743,397
Total fund balances	2,129,544	605,118	892,170	3,626,832
Total liabilities, deferred inflows				
of resources and fund balances	$ 6,912,469	$ 1,146,926	$ 2,618,311	$ 10,677,706

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, 2017

Total governmental fund balances		$ 3,626,832
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		27,923,937
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 131,703	
Accrued interest receivable	1,006	
Intergovernmental receivable	243,864	
Total		376,573
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(260,355)
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	3,241,619	
Deferred inflows of resources - pension	(414,136)	
Net pension liability	(17,985,044)	
Total		(15,157,561)
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	(15,738,872)	
Capital lease obligations	(126,051)	
Compensated absences	(664,891)	
Total		(16,529,814)
Net position of governmental activities		$ (20,388)

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, 2017

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	$ 4,546,302	$ 652,147	$ 455,347	$ 5,653,796
Tuition	536,073	-	-	536,073
Earnings on investments	32,606	-	-	32,606
Charges for services	-	-	153,822	153,822
Extracurricular	32,369	-	132,605	164,974
Classroom materials and fees	65,731	-	-	65,731
Rental income	12,000	-	-	12,000
Contributions and donations	7,602	-	46,793	54,395
Contract services	87,759	-	-	87,759
Other local revenues	41,271	-	-	41,271
Intergovernmental - intermediate	21,000	-	-	21,000
Intergovernmental - state	5,903,040	99,503	123,580	6,126,123
Intergovernmental - federal	-	-	626,147	626,147
Total revenues	11,285,753	751,650	1,538,294	13,575,697
Expenditures:				
Current:				
Instruction:				
Regular	5,208,442	-	72,574	5,281,016
Special	842,348	-	500,979	1,343,327
Vocational	4,599	-	-	4,599
Other	1,369	-	-	1,369
Support services:				
Pupil	842,141	-	60,851	902,992
Instructional staff	142,230	-	13,949	156,179
Board of education	102,419	-	-	102,419
Administration	947,016	-	762	947,778
Fiscal	366,135	10,541	7,692	384,368
Operations and maintenance	892,815	-	370,736	1,263,551
Pupil transportation	606,344	-	143,251	749,595
Central	203,748	-	-	203,748
Operation of non-instructional services:				
Other operation of non-instructional	-	-	73,389	73,389
Food service operations	-	-	321,737	321,737
Extracurricular activities	271,546	-	160,046	431,592
Facilities acquisition and construction	111	-	271,073	271,184
Other capital outlay	65,062	-	-	65,062
Debt service:				
Principal retirement	54,063	102,945	-	157,008
Interest and fiscal charges	8,382	563,888	-	572,270
Accretion on capital appreciation bonds	-	42,055	-	42,055
Total expenditures	10,558,770	719,429	1,997,039	13,275,238
Excess (deficiency) of revenues over (under) expenditures	726,983	32,221	(458,745)	300,459
Other financing sources (uses):				
Transfers in	-	-	661,150	661,150
Transfers (out)	(26)	(184,499)	(476,625)	(661,150)
Capital lease transaction	65,062	-	-	65,062
Total other financing sources (uses)	65,036	(184,499)	184,525	65,062
Special item - refund to the Ohio Facilities Construction Commission	-	-	(197,660)	(197,660)
Net change in fund balances	792,019	(152,278)	(471,880)	167,861
Fund balances at beginning of year	1,337,525	757,396	1,364,050	3,458,971
Fund balances at end of year	$ 2,129,544	$ 605,118	$ 892,170	$ 3,626,832

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, 2017

Net change in fund balances - total governmental funds		$ 167,861
Amounts reported for governmental activities in the statement of activities are different because:		
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	$ 778,112	
Current year depreciation	(862,964)	
Total		(84,852)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(69,864)	
Earnings on investments	(1,976)	
Intergovernmental	102,253	
Total		30,413
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
General obligations bonds - current interest	80,000	
Capital appreciation bonds	22,945	
Accreted interest on capital appreciation bonds	42,055	
Capital leases	54,063	
Total		199,063
Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(65,062)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		836,435
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,232,708)
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	1,888	
Accreted interest on capital appreciation bonds	(199,858)	
Total		(197,970)
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.		40,272
Change in net position of governmental activities		$ (306,548)

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, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
From local sources:				
Property taxes	$ 3,985,811	$ 4,209,257	$ 4,391,661	$ 182,404
Tuition	445,275	510,604	536,073	25,469
Earnings on investments	44,157	42,512	36,257	(6,255)
Extracurricular	35,120	33,868	27,585	(6,283)
Classroom materials and fees	48	-	28,612	28,612
Rental income	12,052	11,507	12,000	493
Contract services	381	22,397	87,759	65,362
Other local revenues	121,707	118,373	55,767	(62,606)
Intergovernmental - intermediate	21,091	20,138	21,000	862
Intergovernmental - state	5,550,889	5,581,348	5,861,899	280,551
Total revenues	10,216,531	10,550,004	11,058,613	508,609
Expenditures:				
Current:				
Instruction:				
Regular	5,317,640	5,479,649	5,038,001	441,648
Special	805,520	779,360	888,429	(109,069)
Vocational	5,935	7,054	5,592	1,462
Other	43	2,500	1,342	1,158
Support services:				
Pupil	826,216	800,562	806,505	(5,943)
Instructional staff	142,170	106,417	182,334	(75,917)
Board of education	169,910	140,272	102,077	38,195
Administration	752,161	749,217	1,016,130	(266,913)
Fiscal	430,791	388,266	365,193	23,073
Operations and maintenance	703,086	713,500	893,992	(180,492)
Pupil transportation	517,275	641,646	605,595	36,051
Central	153,443	214,994	203,210	11,784
Extracurricular activities	403,535	404,181	273,574	130,607
Facilities acquisition and construction	4	111	111	-
Total expenditures	10,227,729	10,427,729	10,382,085	45,644
Excess (deficiency) of revenues over (under) expenditures	(11,198)	122,275	676,528	554,253
Other financing sources (uses):				
Refund of prior year expenditures	2,000	2,000	2,000	-
Transfers (out)	-	-	(26)	(26)
Advances in	-	-	116,703	116,703
Advances (out)	(10,843)	(10,843)	(123,500)	(112,657)
Total other financing sources (uses)	(8,843)	(8,843)	(4,823)	4,020
Net change in fund balance	(20,041)	113,432	671,705	558,273
Fund balance at beginning of year	1,133,383	1,133,383	1,133,383	-
Prior year encumbrances appropriated	138,078	138,078	138,078	-
Fund balance at end of year	$ 1,251,420	$ 1,384,893	$ 1,943,166	$ 558,273

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private-Purpose Trust	
	Scholarship	**Agency**
Assets:		
Equity in pooled cash and investments	$ 82,057	$ 78,097
Total assets	82,057	$ 78,097
Liabilities:		
Accounts payable	3,000	$ -
Due to students	-	78,097
Total liabilities	3,000	$ 78,097
Net position:		
Held in trust for scholarships	79,057	
Total net position	$ 79,057	

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, 2017

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	$ 4,480
Total additions.	4,480
Deductions:	
Scholarships awarded	8,488
Change in net position	(4,008)
Net position at beginning of year.	83,065
Net position at end of year	$ 79,057

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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 44 classified employees, 69 certified teaching personnel and 18 administrative employees who provide services to 1,053 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).

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 2017, the District paid $23,359 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 2017, 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.

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, Joy Cooper, Treasurer of Put-in-Bay Local School District, 811 S. Jefferson Street, Port Clinton, Ohio 43452.

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.

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 fiscal 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.

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.

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.

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

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.

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).

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

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 to 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, 2017, but which were levied to finance fiscal year 2018 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.

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 fiscal 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.

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

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 2017 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 2017.

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 2017.

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.

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

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, 2017; 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 2017, investments were limited to U.S. Government agency notes, U.S. Government agency discount notes, negotiable certificates of deposit, commercial paper, money market accounts and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments in U.S. Government agency notes, U.S. Government agency discount notes and commercial paper are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as certificates of deposit, are reported at cost.

During fiscal year 2017, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

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 2017 amounted to $32,606, which includes $14,264 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.

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

An analysis of the District's investment accounts at fiscal 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 acquisition values as of the date received. During fiscal year 2017, 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.

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

Description	Governmental Activities Estimated Lives
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" and "due to/from other funds".

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

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

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2017, 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, 2017 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

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

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

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

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

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

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

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

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 unclaimed funds.

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

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 fiscal 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.

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. 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.

R. 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.

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

S. 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.

T. 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 did not have any extraordinary items during fiscal year 2017. The District reported a special item for a refund made to the Ohio Facilities Construction Commission (OFCC) in the amount of $197,660, which was requested as part of the District's construction project closeout process.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2017, the District has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the District.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2017 included the following individual fund deficits:

Nonmajor funds	Deficit
Food services	$ 116,496
VLA program	14,723
Auxillary services	14,426
Title I - migrant children	10,632
IDEA part B	47,129
Title I - disadvantaged children	7,822

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 and cash deficits.

C. Noncompliance

The collection and deposit of public monies did not follow appropriate guidelines, contrary to 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.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At June 30, 2017, 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, 2017, the carrying amount of all District deposits was $233,981. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, $52,316 of the District's bank balance of $302,316 was exposed to custodial risk as discussed below, while $250,000 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.

C. Investments

As of June 30, 2017, the District had the following investments and maturities:

		Investment Maturities			
Measurement/ Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	Greater Than 24 months
Amortized cost:					
STAR Ohio	1,167,592	1,167,592	-	-	-
Fair Value:					
FHLB- Discount Note	881,121	-	881,121	-	-
FHLM	322,771	-	-	-	322,771
FFCB	279,107	-	279,107	-	-
FFCB- Discount Note	292,268	-	292,268	-	-
FNMA	320,172	-	164,436	-	155,736
Negotiable CDs	311,285	-	50,973	179,145	81,167
Commercial paper	299,922	299,922	-	-	-
Money market funds	10,963	10,963	-	-	-
Total	$ 3,885,201	$ 1,478,477	$ 1,667,905	$ 179,145	$ 559,674

The weighted average maturity of investments is 0.83 years.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The District's investments in U.S. government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs).

The District's investments in U.S. Government agency notes, U.S. Government agency discount notes, negotiable certificates of deposit and commercial paper are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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 and U.S. Government agency discount notes were rated A-1 and P-1 by Standard & Poor's and Moody's Investor Services, respectively the District's investments in U.S. Government agency notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The money market funds were not rated. The negotiable certificates of deposit are fully covered by the FDIC and 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.

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, 2017:

Measurement/ Investment type	Measurement Value	% of Total
Amortized cost:		
STAR Ohio	$ 1,167,592	30.05%
Fair value:		
FHLB- Discount Note	881,121	22.68%
FHLM	322,771	8.31%
FFCB	279,107	7.19%
FFCB- Discount Note	292,268	7.52%
FNMA	320,172	8.24%
Negotiable CDs	311,285	8.01%
Commercial Paper	299,922	7.72%
Money market funds	10,963	0.28%
Total	$ 3,885,201	100.00%

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2017:

Cash and investments per note	
Carrying amount of deposits	$ 233,981
Investments	3,885,201
Cash on hand	95
Total	$ 4,119,277

Cash and investments per statement of net position	
Governmental activities	$ 3,959,123
Private-purpose trust fund	82,057
Agency fund	78,097
Total	$ 4,119,277

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2017, as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

Receivable fund	Payable funds	Amount
General	Nonmajor governmental funds:	
	Food service	$ 115,000
	Auxillary services	8,500
	Total	123,500
Nonmajor governmental funds:	Nonmajor governmental funds:	
Building	Classroom facilities	414,954
Classroom facilities maintenance	Classroom facilities	54,630
	Total	469,584
	Total interfund loans	$ 593,084

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. The $469,584 interfund loan balances between the nonmajor building capital projects fund, nonmajor classroom facilities capital projects fund, and nonmajor classroom facilities and maintenance special revenue fund were made in accordance with the closeout of the OFCC project. These interfund balances will be repaid once the anticipated revenues are received with the exception of those resulting from the closeout of the OFCC project, which are anticipated to be repaid once notified by OFCC. All interfund balances are expected to be repaid within one year.

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2017 are reported on the statement of net position.

B. During fiscal year 2017, the District repaid $33,806 in long-term loans to/from other funds and converted $36,877 in long-term loans to transfers through Board approval.

C. Interfund transfers for the fiscal year ended June 30, 2017, consisted of the following, as reported on the fund financial statements:

	Amount
Transfers to nonmajor governmental funds from:	
General	$ 26
Bond retirement	184,499
Nonmajor governmental funds	476,625
Total	$ 661,150

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

The interfund transfers between the nonmajor governmental funds consist of $421,995 and $54,630 from the classroom facilities capital projects fund to the building capital projects fund and classroom facilities special revenue fund, respectively, in accordance with the closeout of the OFCC project.

The interfund transfer from the Bond Retirement fund to the Permanent Improvement fund (a nonmajor governmental fund) was approved by the Sandusky County Budget Commission for energy improvements.

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

D. Due from/to other funds consisted of the following at June 30, 2017, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental funds	$ 29,889

The due from/to other funds resulted from a negative cash balance in the VLA program fund (a nonmajor governmental fund), the title I - migrant children fund (a nonmajor governmental fund), the IDEA part B fund (a nonmajor governmental fund) and the title I - disadvantage children fund (a nonmajor governmental fund) at fiscal year-end. The balances are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, 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 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, 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, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was $880,748 in the general fund, $131,964 in the bond retirement fund, $71,439 in the permanent improvement fund (a nonmajor governmental fund) and $18,301 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, 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). 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, 2017 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.

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 146,946,760	96.88	$ 159,201,370	95.52
Public utility personal	4,736,720	3.12	7,462,430	4.48
Total	$ 151,683,480	100.00	$ 166,663,800	100.00
Tax rate per $1,000 of assessed valuation	$58.78		$51.40	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2017 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	$ 5,628,990
Accrued interest	2,018
Intergovernmental	384,705
Total	$ 6,015,713

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance 06/30/16	Additions	Deductions	Balance 06/30/17
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 174,516	$ -	$ -	$ 174,516
Construction in progress	27,788	188,559	(27,788)	188,559
Total capital assets, not being depreciated	202,304	188,559	(27,788)	363,075
Capital assets, being depreciated:				
Land improvements	628,133	27,788	(173,132)	482,789
Buildings and improvements	32,843,041	-	(248,902)	32,594,139
Furniture and equipment	2,368,259	426,949	(66,186)	2,729,022
Vehicles	1,049,052	162,604	(154,425)	1,057,231
Total capital assets, being depreciated:	36,888,485	617,341	(642,645)	36,863,181
Less: accumulated depreciation				
Land improvements	(583,596)	(6,979)	173,132	(417,443)
Buildings and improvements	(6,190,525)	(681,337)	248,902	(6,622,960)
Furniture and equipment	(1,493,842)	(100,355)	66,186	(1,528,011)
Vehicles	(814,037)	(74,293)	154,425	(733,905)
Total accumulated depreciation	(9,082,000)	(862,964)	642,645	(9,302,319)
Governmental activities capital assets, net	$ 28,008,789	$ (57,064)	$ (27,788)	$ 27,923,937

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 238,229
Special	1,262
Vocational	5,337
Support services:	
Pupil	10,697
Instructional staff	13,405
Board of education	6,256
Administration	63,770
Fiscal	2,054
Operations and maintenance	371,585
Pupil transportation	87,455
Extracurricular activities	13,018
Food service operations	49,896
Total depreciation expense	$ 862,964

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

In the current and 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 has been originally capitalized in the amount of $232,918, which represents the present value of the future minimum lease payments at the time of acquisition. A liability of $59,324 at June 30, 2017 has been recorded in the statement of net position. Accumulated depreciation as of June 30, 2017 was $174,362, leaving a current book value of $58,556. Principal and interest payments in fiscal year 2017 totaled $19,739 and $3,934, 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, 2017, these items acquired by lease total $163,436 and have not been capitalized due to each item being under the capitalization threshold. A liability of $66,727 at June 30, 2017 has been recorded in the statement of net position. Lease-purchase payments have been reflected as debt service expenditures from the general fund. Principal and interest payments in fiscal year 2017 totaled $34,324 and $4,448, 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, 2017:

Fiscal Year Ending June 30,	Amount
2018	$ 51,642
2019	51,641
2020	15,988
2021	15,988
2022	6,662
Total minimum lease payments	141,921
Less: Amount representing interest	(15,870)
Total	$ 126,051

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2017, the following changes occurred in governmental activities long-term obligations:

Governmental activities:	Balance 06/30/16	Increases	Decreases	Balance 06/30/17	Amount Due in One Year
General obligation bonds					
Series 2012 A - Facilities and School Improvement					
Term bonds	$ 13,245,000	$ -	$ -	$ 13,245,000	$ -
Capital appreciation bonds	224,834	-	(22,945)	201,889	65,335
Accreted interest	279,180	199,858	(42,055)	436,983	120,107
Series 2012 B - Facilities and School Improvement					
Current interest bonds	125,000	-	(80,000)	45,000	15,000
Term bonds	1,810,000	-	-	1,810,000	-
Total General obligation bonds	15,684,014	199,858	(145,000)	15,738,872	200,442
Capital lease obligation	115,052	65,062	(54,063)	126,051	44,287
Net pension liability	14,744,544	3,240,500	-	17,985,044	-
Compensated absences	705,163	86,094	(99,154)	692,103	64,574
Total	$ 31,248,773	$ 3,591,514	$ (298,217)	$ 34,542,070	$ 309,303

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.

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 bond retirement 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 $436,983 has been included in the statement of net position at June 30, 2017.

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 $200,000 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 bond retirement fund. The two capital appreciation bonds matured 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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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	Current Interest Term Bonds - Series 2012A		
Ending June 30,	Principal	Interest	Total
2018	$ -	$ 488,163	$ 488,163
2019	-	488,163	488,163
2020	-	488,162	488,162
2021	-	488,163	488,163
2022	175,000	488,163	663,163
2023 - 2027	1,435,000	2,337,977	3,772,977
2028 - 2032	1,765,000	2,095,502	3,860,502
2033 - 2037	2,150,000	1,759,250	3,909,250
2038 - 2042	2,580,000	1,325,375	3,905,375
2043 - 2047	3,090,000	789,000	3,879,000
2048 - 2050	2,050,000	165,000	2,215,000
Total	$ 13,245,000	$ 10,912,918	$ 24,157,918

Fiscal Year	Capital Appreciation Bonds - Series 2012A			Total - Series 2012A		
Ending June 30,	Principal	Interest	Total	Principal	Interest	Total
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	8,024	66,976	75,000	183,024	555,139	738,163
2023 - 2027	-	-	-	1,435,000	2,337,977	3,772,977
2028 - 2032	-	-	-	1,765,000	2,095,502	3,860,502
2033 - 2037	-	-	-	2,150,000	1,759,250	3,909,250
2038 - 2042	-	-	-	2,580,000	1,325,375	3,905,375
2043 - 2047	-	-	-	3,090,000	789,000	3,879,000
2048 - 2050	-	-	-	2,050,000	165,000	2,215,000
Total	$ 201,889	$ 843,111	$ 1,045,000	$ 13,446,889	$ 11,756,029	$ 25,202,918

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year	Current Interest Serial Bonds - Series 2012B			Current Interest Term Bonds -Series 2012B		
Ending June 30,	Principal	Interest	Total	Principal	Interest	Total
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	-	-	-	15,000	73,463	88,463
2023 - 2027	-	-	-	90,000	358,431	448,431
2028 - 2032	-	-	-	115,000	340,669	455,669
2033 - 2037	-	-	-	200,000	313,638	513,638
2038 - 2042	-	-	-	380,000	259,238	639,238
2043 - 2047	-	-	-	575,000	166,388	741,388
2048 - 2050	-	-	-	420,000	36,125	456,125
Total	$ 45,000	$ 223,875	$ 268,875	$ 1,810,000	$ 1,621,958	$ 3,431,958

Fiscal Year	Total - Series 2012B		
Ending June 30,	Principal	Interest	Total
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	15,000	73,463	88,463
2023 - 2027	90,000	358,431	448,431
2028 - 2032	115,000	340,669	455,669
2033 - 2037	200,000	313,638	513,638
2038 - 2042	380,000	259,238	639,238
2043 - 2047	575,000	166,388	741,388
2048 - 2050	420,000	36,125	456,125
Total	$ 1,855,000	$ 1,845,833	$ 3,700,833

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 effects of these debt limitations at June 30, 2017, are a voted debt margin of $302,971, (including available funds of $605,118) and an unvoted debt margin of $166,664.

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-five 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	$47,828,870
Inland Marine - Electronic Data Processing Equipment	1,250,000
Inland Marine - Musical Equipment, electronics, uniforms	1,000,000
Inland Marine - Mobile Equipment	10,700
Automobile Liability ($0 deductible per person/accident)	15,000,000
Medical Payments - per person	10,000
per accident	25,000

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 2017, with the exception of blanket coverage building, decreased nearly $10 million.

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 eight 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 One America 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.

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 fiscal 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 under Employers/Audit Resources.

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, 2017, 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 $179,147 for fiscal year 2017. Of this amount, $14,664 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.

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. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 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 2017 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $657,288 for fiscal year 2017. Of this amount, $107,888 is reported as pension and postemployment benefits payable.

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, 2016, 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:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.04661290%	0.04372665%	
Proportion of the net pension liability current measurement date	0.04508040%	0.04387288%	
Change in proportionate share	-0.00153250%	0.00014623%	
Proportionate share of the net pension liability	$ 3,299,469	$ 14,685,575	$ 17,985,044
Pension expense	$ 341,254	$ 891,454	$ 1,232,708

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 44,501	$ 593,367	$ 637,868
Net difference between projected and actual earnings on pension plan investments	272,159	1,219,297	1,491,456
Changes of assumptions	220,258	-	220,258
Difference between District contributions and proportionate share of contributions/ change in proportionate share	23,488	32,114	55,602
District contributions subsequent to the measurement date	179,147	657,288	836,435
Total deferred outflows of resources	$ 739,553	$ 2,502,066	$ 3,241,619

	SERS	STRS	Total
Deferred inflows of resources			
Difference between District contributions and proportionate share of contributions/ change in proportionate share	$ 47,571	$ 366,565	$ 414,136
Total deferred inflows of resources	$ 47,571	$ 366,565	$ 414,136

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

$836,435 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	$ 127,893	$ 172,841	$ 300,734
2019	127,694	172,840	300,534
2020	179,009	640,715	819,724
2021	78,239	491,817	570,056
Total	$ 512,835	$ 1,478,213	$ 1,991,048

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, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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 average 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. 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 (7.50 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 4,368,292	$ 3,299,469	$ 2,404,820

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
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, 2016, 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:

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return *
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	1.00	3.00
Total	100.00 %	7.61 %

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate **-** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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, 2016. 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, 2016.

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	$ 19,515,936	$ 14,685,575	$ 10,610,881

Changes Between Measurement Date and Report Date - In March 2017, the STRS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of July 1, 2016. The most significant changes are a reduction in the expected investment return to 7.45% from 7.75% and a change to updated generational mortality tables. Although the exact amount of these changes is not known, the impact to the District's net pension liability is expected to be significant.

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 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 2017, 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 2017, this amount was $23,500. 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 2017, the District's surcharge obligation was $24,208.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $24,208, $23,089, and $33,912, respectively. The fiscal year 2017 amount has been reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2016 and 2015.

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 or by calling (888) 227-7877.

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

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).

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

	General fund
Budget basis	$ 671,705
Net adjustment for revenue accruals	155,254
Net adjustment for expenditure accruals	(244,298)
Net adjustment for other sources/uses	69,859
Funds budgeted elsewhere	(17,275)
Adjustment for encumbrances	156,774
GAAP basis	$ 792,019

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

This District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

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.

	Capital Improvements
Set-aside balance June 30, 2016	$ -
Current year set-aside requirement	183,052
Current year offsets	(411,305)
Total	$ (228,253)
Balance carried forward to fiscal year 2018	$ -
Set-aside balance June 30, 2017	$ -

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:

Fund	Year-End Encumbrances
General	$ 75,796
Other governmental	38,434
Total	$ 114,230

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 FOUR FISCAL YEARS (1)

	2017	2016	2015	2014
District's proportion of the net pension liability	0.04508040%	0.04661290%	0.04571300%	0.04571300%
District's proportionate share of the net pension liability	$ 3,299,469	$ 2,659,777	$ 2,313,509	$ 2,718,405
District's covered payroll	$ 1,570,557	$ 1,403,293	$ 1,328,319	$ 1,349,263
District's proportionate share of the net pension liability as a percentage of its covered payroll	210.08%	189.54%	174.17%	201.47%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(1) Amounts presented for each fiscal year were determined 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 FOUR FISCAL YEARS (1)

	2017	2016	2015	2014
District's proportion of the net pension liability	0.04387288%	0.04372665%	0.04588709%	0.04588709%
District's proportionate share of the net pension liability	$ 14,685,575	$ 12,084,767	$ 11,161,328	$ 13,295,301
District's covered payroll	$ 4,606,729	$ 4,610,079	$ 4,688,392	$ 4,827,954
District's proportionate share of the net pension liability as a percentage of its covered payroll	318.79%	262.14%	238.06%	275.38%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(1) Amounts presented for each fiscal year were determined 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

	2017	**2016**	**2015**	**2014**
Contractually required contribution	$ 179,147	$ 219,878	$ 184,954	$ 184,105
Contributions in relation to the contractually required contribution	(179,147)	(219,878)	(184,954)	(184,105)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,279,621	$ 1,570,557	$ 1,403,293	$ 1,328,319
Contributions as a percentage of covered payroll	14.00%	14.00%	13.18%	13.86%

2013		2012		2011		2010		2009		2008	
$	186,738	$	170,932	$	168,516	$	166,370	$	117,164	$	110,933
	(186,738)		(170,932)		(168,516)		(166,370)		(117,164)		(110,933)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,349,263	$	1,270,870	$	1,340,621	$	1,228,730	$	1,190,691	$	1,129,664
	13.84%		13.45%		12.57%		13.54%		9.84%		9.82%

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

	2017	**2016**	**2015**	**2014**
Contractually required contribution	$ 657,288	$ 644,942	$ 645,411	$ 609,491
Contributions in relation to the contractually required contribution	(657,288)	(644,942)	(645,411)	(609,491)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 4,694,914	$ 4,606,729	$ 4,610,079	$ 4,688,392
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%

2013		2012		2011		2010		2009		2008	
$	627,634	$	599,112	$	620,161	$	585,407	$	588,045	$	590,419
	(627,634)		(599,112)		(620,161)		(585,407)		(588,045)		(590,419)
$	-	$	-	$	-	$	-	$	-	$	-
$	4,827,954	$	4,608,554	$	4,770,469	$	4,503,131	$	4,523,423	$	4,541,685
	13.00%		13.00%		13.00%		13.00%		13.00%		13.00%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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 - 2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

SUPPLEMENTARY INFORMATION

WOODMORE LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(E) PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:			
Child Nutrition Cluster:			
(C)(D) School Breakfast Program	10.553	2017	$ 12,832
(C)(D) National School Lunch Program	10.555	2017	88,435
(B)(D) National School Lunch Program - Food Donation	10.555	2017	21,030
Total National School Lunch Program			109,465
(C)(D) Summer Food Service Program for Children	10.559	2017	6,334
Total U.S. Department of Agriculture and Child Nutrition Cluster			128,631
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:			
Title I Grants to Local Educational Agencies	84.010	2016	11,058
Title I Grants to Local Educational Agencies	84.010	2017	69,506
Total Title I Grants to Local Educational Agencies			80,564
Special Education Cluster:			
(F) Special Education_Grants to States	84.027	2016	23,684
(F) Special Education_Grants to States	84.027	2017	216,985
Total Special Education _Grants to States and Special Education Cluster			240,669
Migrant Education_State Grant Program	84.011	2015	1,381
Migrant Education_State Grant Program	84.011	2016	187,947
Migrant Education_State Grant Program	84.011	2017	100,457
Total Migrant Education State Grant Program			289,785
Improving Teacher Quality State Grants	84.367	2017	14,255
Total U.S. Department of Education			625,273
Total Federal Financial Assistance			$ 753,904

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

(A) This schedule includes the federal award activity of the Woodmore Local School District under programs of the federal government for the fiscal year ended June 30, 2017 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Woodmore Local School District it is not intended to and does not present the financial position, changes in net position, or cash flows of the Woodmore Local School District.

(B) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.

(C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.

(D) Included as part of "Child Nutrition Cluster" in determining major programs.

(E) OAKS did not assign pass-through numbers for fiscal year 2017.

(F) Included as part of "Special Education Cluster" in determining major programs.

(G) CFR 200.414 allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimus rate of 10% of modified total direct costs to indirect costs. The Woodmore Local School District has not elected to use the 10% de minimus indirect cost rate.

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 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, 2017, 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 January 25, 2018.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-002.

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 corrective action plan. 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 report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
January 25, 2018

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 on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance**

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

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited the Woodmore Local School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Woodmore Local School District's major federal programs for the fiscal year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Woodmore Local School District's major federal programs.

Management's Responsibility

The Woodmore Local School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Woodmore Local School District's compliance for each of the Woodmore Local School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Woodmore Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Board of Education
Woodmore Local School District

Opinion on Each Major Federal Program

In our opinion, the Woodmore Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.
January 25, 2018

WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO

SCHEDULE OF FINDINGS
UNIFORM GUIDANCE 2 CFR § 200.515
JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	*Type of Financial Statement Opinion*	Unmodified
(d)(1)(ii)	*Were there any material control weaknesses reported at the financial statement level (GAGAS)?*	Yes
(d)(1)(ii)	*Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any reported material noncompliance at the financial statement level (GAGAS)?*	Yes
(d)(1)(iv)	*Were there any material internal control weaknesses reported for major federal programs?*	No
(d)(1)(iv)	*Were there any significant deficiencies in internal control reported for major federal programs?*	No
(d)(1)(v)	*Type of Major Programs' Compliance Opinion*	Unmodified
(d)(1)(vi)	*Are there any reportable findings under 2 CFR §200.516(a)?*	No
(d)(1)(vii)	*Major Programs (listed):*	Title I Grants to Local Educational Agencies (CFDA #84.010) and Special Education Cluster
(d)(1)(viii)	*Dollar Threshold: Type A/B Programs*	Type A: >$750,000 Type B: all others
(d)(1)(ix)	*Low Risk Auditee under 2 CFR § 200.520?*	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2017-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Accounting principles generally accepted in the United States of America (GAAP) requires revenues and expenses be recognized in the period in which the item was earned or incurred.

Throughout the year, the District maintains its books and records on the cash-basis of accounting and converts its financial statements at fiscal year-end to GAAP. Material audit adjustments to the GAAP financial statements were required to properly report assets, liabilities, fund balance, revenues, expenditures and other financing sources and uses in the fund financial statements and government-wide financial statements. Adjustments were made to the financial statements for the fiscal year ended June 30, 2017, to properly account for a special item and excluded liabilities, each in connection with the close-out of the Ohio Facilities Construction Commission building project. Further adjustments included a liability for construction in progress not previously reported, adjusted estimates for property taxes receivable and related deferred inflows of resources and revenues, and the elimination of interfund balances previously forgiven by the Board of Education. The audited financial statements and District's records have been adjusted for the material 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. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the District enhance internal controls over GAAP financial reporting, including steps to analyze the financial statements and notes prior to submission to the Hinkle System. In months following fiscal year-end we recommended the District flag items determined to be a liability as of the previous fiscal year while recording cash-basis transactions in the accounting system. It is further recommended the District consult with their auditors, the Auditor of State and/or consult with an accounting firm while reporting unusual or infrequent items, or when an accounting estimate is in question, to help ensure accurate financial reporting.

Finding Number	2017-002

Material Weakness / Noncompliance – Timely Deposits

Ohio Rev. Code §9.38 indicates that public money must be deposited with the Treasurer of the public office or to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day following the date of receipt. If the amount of daily receipts does not exceed $1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (such as school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds $1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)

Finding Number	2017-002 - (Continued)

The collection and deposit of public monies did not follow the above guidelines within the athletic department. Several gate receipts were not deposited into the District's Bank account within the prescribed limits. Additionally, various over/under variances were documented but not further investigated. These reconciliations did not receive proper approval by the athletic director.

Delays of this nature could cause daily receipts to be lost, stolen, or misplaced without being detected in a timely manner. Additionally, internal control deficiencies of this nature, left undetected by the Treasurer's office for a long period of time may create distrust between the School District and public.

We recommend the District develop additional policies and procedures to help properly safeguard receipts and implement Ohio Rev. Code §9.38 relative to depositing requirements and procedures. As part of these policies and procedures, multiple individuals should be responsible for counting the receipts under the supervision of the athletic director and a policy should be in place regarding the further investigation of over/under variances and subsequent actions.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Woodmore Local School District

349 Rice Street, P.O. Box 701,
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BOARD OFFICE **WOODMORE ELEMENTARY** **WOODMORE MIDDLE SCHOOL** **WOODMORE HIGH SCHOOL**

TIM RETTIG ***GARY HAAS,*** *Principal (PreK-5)* ***KEVIN BALL,*** *Principal (6-8)* ***JAMES KIEPER,*** *Principal*
Superintendent *Preschool Director* *Special Education Director* *Testing Coordinator*
800 West Main Street *800 W. Main Street* *633 Fremont Street*
DAN RUSSOMANNO *Woodville, Ohio 43469* *Woodville, Ohio 43469* *Elmore, Ohio 43416*
Treasurer *Phone (419) 862-1070 Phone (419) 862-1070 Phone (419) 862-2721* *Fax (419) 849-2132* *Fax (419)*
849-2132 *Fax (419) 862-3835*

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The adjustments made have corrected the issue(s). Going forward, we will regularly review fund balances/postings to ensure timeliness and accuracy.	6/30/17	Dan Russomanno, Treasurer
2017-002	All ticket reconciliations will be reviewed by the athletic director and/or treasurer and appropriate actions/investigation taken to explain any variances. All deposits will be brought to the treasurer's office, where they will be date stamped, before being taken to our unmanned branch depository night drop.	6/30/18	Dan Russomanno, Treasurer and Steve Barr, Athletic Director

WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
JUNE 30, 2017

Finding Number	Year Initially Occurred	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
2016-001	2015	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.	No	Repeated as finding 2017-001
2016-002	2015	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.	Yes	Finding no longer valid
2016-003	2015	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.	No	Repeated as finding 2017-002
2016-004	2015	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 Bond Retirement fund.	Yes	Finding no longer valid
2016-005	2015	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. The District did not timely or properly modify its apprpriations.	Yes	Finding no longer valid

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WOODMORE LOCAL SCHOOL DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 17, 2018