



**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Woodmore Local School District
Sandusky County
708 West Main Street
Woodville, Ohio 43469-1099

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Woodmore Local School District, Sandusky County, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Woodmore Local School District, Sandusky County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Jim Petro
Auditor of State

January 30, 2001

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**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$889,347	\$132,438	\$231,666	\$211,037
Receivables:				
Property Taxes	3,423,715	0	532,458	46,623
Accounts	3,927	0	0	0
Intergovernmental	0	23,539	0	0
Accrued Interest	1,118	0	0	0
Interfund	101,141	0	1,495	0
Prepaid Items	35,140	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	15,770	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	90,052	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of Long-term Obligation	0	0	0	0
Amount to be Provided from General Governmental Resources	0	0	0	0
Total Assets and Other Debits	\$4,560,210	\$155,977	\$765,619	\$257,660

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$17,437	\$143,143	\$0	\$0	\$1,625,068
0	0	0	0	4,002,796
0	0	0	0	3,927
8,616	0	0	0	32,155
0	0	0	0	1,118
0	0	0	0	102,636
960	0	0	0	36,100
7,631	0	0	0	7,631
1,182	0	0	0	16,952
0	0	0	0	90,052
26,314	0	12,367,438	0	12,393,752
0	0	0	314,142	314,142
0	0	0	3,994,102	3,994,102
\$62,140	\$143,143	\$12,367,438	\$4,308,244	\$22,620,431

(continued)

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity, and Other Credits:				
<u>Liabilities:</u>				
Accounts Payable	\$40,507	\$8,580	\$0	\$382
Accrued Wages and Benefits	538,299	19,692	0	0
Compensated Absences Payable	23	0	0	0
Intergovernmental Payable	135,964	12,619	0	0
Interfund Payable	1,495	20,581	0	0
Deferred Revenue	2,910,130	0	451,477	33,921
Due to Students	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	3,626,418	61,472	451,477	34,303
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Property Taxes	513,585	0	80,981	12,702
Reserved for Inventory	15,770	0	0	0
Reserved for Budget Stabilization	90,052	0	0	0
Reserved for Encumbrances	136,438	54,315	0	58,726
Designated for Budget Stabilization	6,831	0	0	0
Unreserved, Undesignated	171,116	40,190	233,161	151,929
Total Fund Equity (Deficit) and Other Credits	933,792	94,505	314,142	223,357
Total Liabilities, Fund Equity, and Other Credits	\$4,560,210	\$155,977	\$765,619	\$257,660

The accompanying notes are an integral part of this schedule.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$4,471	\$100	\$0	\$0	\$54,040
2,119	0	0	0	560,110
6,396	0	0	486,222	492,641
5,781	0	0	62,196	216,560
37,769	42,791	0	0	102,636
5,903	0	0	0	3,401,431
0	33,037	0	0	33,037
0	0	0	295,000	295,000
0	0	0	3,464,826	3,464,826
<u>62,439</u>	<u>75,928</u>	<u>0</u>	<u>4,308,244</u>	<u>8,620,281</u>
0	0	12,367,438	0	12,367,438
(299)	0	0	0	(299)
0	0	0	0	607,268
0	0	0	0	15,770
0	0	0	0	90,052
0	0	0	0	249,479
0	0	0	0	6,831
0	67,215	0	0	663,611
<u>(299)</u>	<u>67,215</u>	<u>12,367,438</u>	<u>0</u>	<u>14,000,150</u>
<u>\$62,140</u>	<u>\$143,143</u>	<u>\$12,367,438</u>	<u>\$4,308,244</u>	<u>\$22,620,431</u>

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 1999**

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Property Taxes	\$3,559,261	\$0
Intergovernmental	2,766,161	244,574
Interest	85,140	0
Tuition and Fees	50,552	0
Extracurricular Activities	0	155,101
Gifts and Donations	340	5,279
Total Revenues	6,461,454	404,954
Expenditures:		
Current:		
Instruction:		
Regular	3,206,447	23,697
Special	595,549	84,777
Vocational	105,711	0
Adult Continuing	0	0
Other	38,115	0
Support Services:		
Pupils	424,804	74,760
Instructional Staff	127,562	3,944
Board of Education	15,884	0
Administration	549,098	61,747
Fiscal	216,710	4,231
Operation and Maintenance of Plant	622,776	1,789
Pupil Transportation	264,987	4,687
Non-Instructional Services	0	35,624
Extracurricular Activities	188,449	136,511
Capital Outlay	9,102	0
Debt Service:		
Principal Retirement	50,000	0
Interest and Fiscal Charges	17,920	0
Total Expenditures	6,433,114	431,767
Excess of Revenues Over (Under) Expenditures	28,340	(26,813)
Other Financing Sources (Uses):		
Operating Transfers In	0	7,077
Operating Transfers Out	(9,801)	0
Total Other Financing Sources (Uses)	(9,801)	7,077
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	18,539	(19,736)
Fund Balances at Beginning of Year	916,348	114,241
Decrease in Reserve for Inventory	(1,095)	0
Fund Balances at End of Year	\$933,792	\$94,505

See Accompanying Notes to the General Purpose Financial Statements

Debt Service	Capital Projects	Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
\$515,121	\$58,811	\$0	\$4,133,193
43,656	110,841	0	3,165,232
0	0	2,926	88,066
0	0	0	50,552
0	0	0	155,101
0	35,883	11,672	53,174
558,777	205,535	14,598	7,645,318
0	9,412	0	3,239,556
0	0	0	680,326
0	0	0	105,711
0	0	7,925	7,925
0	0	0	38,115
0	0	0	499,564
0	0	0	131,506
0	0	0	15,884
0	0	0	610,845
10,510	895	0	232,346
0	12,224	0	636,789
0	0	0	269,674
0	0	0	35,624
0	0	0	324,960
0	29,169	0	38,271
335,000	0	0	385,000
201,496	0	0	219,416
547,006	51,700	7,925	7,471,512
11,771	153,835	6,673	173,806
2,724	0	0	9,801
0	0	0	(9,801)
2,724	0	0	0
14,495	153,835	6,673	173,806
299,647	69,522	60,542	1,460,300
0	0	0	(1,095)
\$314,142	\$223,357	\$67,215	\$1,633,011

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental and Similar Fiduciary Fund Types
For the Fiscal Year Ended June 30, 1999

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$3,348,909	\$3,474,430	\$125,521
Intergovernmental	2,741,925	2,766,161	24,236
Interest	69,563	86,353	16,790
Tuition and Fees	54,706	57,564	2,858
Extracurricular Activities	0	0	0
Gifts and Donations	298	340	42
Total Revenues	<u>6,215,401</u>	<u>6,384,848</u>	<u>169,447</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,236,549	3,235,808	741
Special	627,202	574,183	53,019
Vocational	106,017	104,134	1,883
Adult Continuing	200	0	200
Other	36,733	38,675	(1,942)
Support Services:			
Pupils	409,826	422,254	(12,428)
Instructional Staff	145,614	138,136	7,478
Board of Education	54,936	15,979	38,957
Administration	606,830	562,467	44,363
Fiscal	239,021	218,497	20,524
Operation and Maintenance of Plant	685,219	649,749	35,470
Pupil Transportation	334,088	322,683	11,405
Non-Instructional Services	0	0	0
Extracurricular Activities	176,655	187,497	(10,842)
Capital Outlay	12,000	11,200	800
Debt Service:			
Principal Retirement	50,000	50,000	0
Interest and Fiscal Charges	17,920	17,920	0
Total Expenditures	<u>6,738,810</u>	<u>6,549,182</u>	<u>189,628</u>
Excess of Revenues Over (Under) Expenditures	<u>(523,409)</u>	<u>(164,334)</u>	<u>359,075</u>
Other Financing Sources (Uses):			
Operating Transfers In	0	0	0
Operating Transfers Out	(12,330)	(9,801)	2,529
Advances Out	0	(37,769)	(37,769)
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	0	0	0
Other Financing Sources	397	466	69
Total Other Financing Sources (Uses)	<u>(11,933)</u>	<u>(47,104)</u>	<u>(35,171)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(535,342)</u>	<u>(211,438)</u>	<u>323,904</u>
Fund Balances at Beginning of Year	929,104	929,104	0
Prior Year Encumbrances Appropriated	99,714	99,714	0
Fund Balances at End of Year	<u>\$493,476</u>	<u>\$817,380</u>	<u>\$323,904</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$533,850	\$506,993	(\$26,857)
394,224	214,498	(179,726)	41,659	43,656	1,997
0	0	0	0	0	0
0	0	0	0	0	0
169,048	155,101	(13,947)	0	0	0
2,965	5,279	2,314	0	0	0
<u>566,237</u>	<u>374,878</u>	<u>(191,359)</u>	<u>575,509</u>	<u>550,649</u>	<u>(24,860)</u>
27,970	24,683	3,287	0	0	0
142,787	79,011	63,776	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
112,779	75,259	37,520	0	0	0
9,080	3,944	5,136	0	0	0
0	0	0	0	0	0
95,317	72,350	22,967	0	0	0
5,995	4,229	1,766	10,478	10,510	(32)
10,421	1,992	8,429	0	0	0
19,185	5,816	13,369	0	0	0
44,723	54,708	(9,985)	0	0	0
200,112	170,973	29,139	0	0	0
0	0	0	0	0	0
0	0	0	335,000	335,000	0
0	0	0	201,496	201,496	0
<u>668,369</u>	<u>492,965</u>	<u>175,404</u>	<u>546,974</u>	<u>547,006</u>	<u>(32)</u>
<u>(102,132)</u>	<u>(118,087)</u>	<u>(15,955)</u>	<u>28,535</u>	<u>3,643</u>	<u>(24,892)</u>
6,837	7,077	240	0	2,724	2,724
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(84)	0	84	0	0	0
2,238	6,607	4,369	0	0	0
<u>8,991</u>	<u>13,684</u>	<u>4,693</u>	<u>0</u>	<u>2,724</u>	<u>2,724</u>
(93,141)	(104,403)	(11,262)	28,535	6,367	(22,168)
90,049	90,049	0	225,299	225,299	0
63,317	63,317	0	0	0	0
<u>\$60,225</u>	<u>\$48,963</u>	<u>(\$11,262)</u>	<u>\$253,834</u>	<u>\$231,666</u>	<u>(\$22,168)</u>

(continued)

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental and Similar Fiduciary Fund Types
For the Fiscal Year Ended June 30, 1999
(Continued)

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$45,972	\$46,109	\$137
Intergovernmental	61,010	110,841	49,831
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	61,572	35,883	(25,689)
Total Revenues	168,554	192,833	24,279
Expenditures:			
Current:			
Instruction:			
Regular	88,190	10,006	78,184
Special	0	0	0
Vocational	0	0	0
Adult Continuing	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	1,000	895	105
Operation and Maintenance of Plant	138,000	89,041	48,959
Pupil Transportation	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	10,000	10,483	(483)
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	237,190	110,425	126,765
Excess of Revenues Over (Under) Expenditures	(68,636)	82,408	151,044
Other Financing Sources (Uses):			
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Advances Out	0	0	0
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	0	0	0
Other Financing Sources	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(68,636)	82,408	151,044
Fund Balances at Beginning of Year	68,747	68,747	0
Prior Year Encumbrances Appropriated	775	775	0
Fund Balances at End of Year	\$886	\$151,930	\$151,044

The accompanying notes are an integral part of this schedule.

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$3,928,731	\$4,027,532	\$98,801
0	0	0	3,238,818	3,135,156	(103,662)
1,827	2,926	1,099	71,390	89,279	17,889
0	0	0	54,706	57,564	2,858
0	0	0	169,048	155,101	(13,947)
13,763	11,672	(2,091)	78,598	53,174	(25,424)
15,590	14,598	(992)	7,541,291	7,517,806	(23,485)
0	0	0	3,352,709	3,270,497	82,212
0	0	0	769,989	653,194	116,795
0	0	0	106,017	104,134	1,883
11,375	7,825	3,550	11,575	7,825	3,750
0	0	0	36,733	38,675	(1,942)
0	0	0	522,605	497,513	25,092
0	0	0	154,694	142,080	12,614
0	0	0	54,936	15,979	38,957
0	0	0	702,147	634,817	67,330
0	0	0	256,494	234,131	22,363
0	0	0	833,640	740,782	92,858
0	0	0	353,273	328,499	24,774
0	0	0	44,723	54,708	(9,985)
0	0	0	376,767	358,470	18,297
0	0	0	22,000	21,683	317
0	0	0	385,000	385,000	0
0	0	0	219,416	219,416	0
11,375	7,825	3,550	8,202,718	7,707,403	495,315
4,215	6,773	2,558	(661,427)	(189,597)	471,830
0	0	0	6,837	9,801	2,964
0	0	0	(12,330)	(9,801)	2,529
0	0	0	0	(37,769)	(37,769)
0	0	0	0	0	0
0	0	0	(84)	0	84
0	0	0	2,635	7,073	4,438
0	0	0	(2,942)	(30,696)	(27,754)
4,215	6,773	2,558	(664,369)	(220,293)	444,076
60,542	60,542	0	1,373,741	1,373,741	0
0	0	0	163,806	163,806	0
\$64,757	\$67,315	\$2,558	\$873,178	\$1,317,254	\$444,076

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
Enterprise Funds
For the Fiscal Year Ended June 30, 1999**

Operating Revenues:	
Sales	<u>\$224,641</u>
Operating Expenses:	
Salaries	105,326
Fringe Benefits	24,009
Purchased Services	4,034
Materials and Supplies	10,794
Cost of Sales	150,283
Depreciation	5,083
Other Operating Expenses	<u>235</u>
Total Operating Expenses	<u>299,764</u>
Operating Loss	<u>(75,123)</u>
Non-Operating Revenues:	
Federal Donated Commodities	13,234
Operating Grants	<u>34,885</u>
Total Non-Operating Revenues	<u>48,119</u>
Net Loss	(27,004)
Retained Earnings at Beginning of Year	<u>26,705</u>
Retained Earnings (Deficit) at End of Year	<u><u>(\$299)</u></u>

See Accompanying Notes to the General Purpose Financial Statements

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Combined Statement of Revenues, Expenses, and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
Enterprise Funds
For the Fiscal Year Ended June 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$288,204	\$224,641	(\$63,563)
Operating Grants	38,037	34,258	(3,779)
	326,241	258,899	(67,342)
Expenses:			
Salaries	107,675	102,611	5,064
Fringe Benefits	26,650	25,459	1,191
Purchased Services	5,100	4,402	698
Materials and Supplies	173,017	160,462	12,555
Capital Outlay	32	0	32
Other Expenses	320	248	72
	312,794	293,182	19,612
Excess of Revenues Over (Under) Expenses	13,447	(34,283)	(47,730)
Operating Transfers In	5,000	0	(5,000)
Advances In	0	37,769	37,769
	18,447	3,486	(14,961)
Excess of Revenues Over Expenses, Transfers, and Advances	18,447	3,486	(14,961)
Fund Balances (Deficit) at Beginning of Year	(12,990)	(12,990)	0
Prior Year Encumbrances Appropriated	9,504	9,504	0
	\$14,961	\$0	(\$14,961)
Fund Balances at End of Year	\$14,961	\$0	(\$14,961)

See Accompanying Notes to the General Purpose Financial Statements

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Combined Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 1999**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Customers	\$224,641
Cash Payments for Salaries	(102,611)
Cash Payments for Fringe Benefits	(25,459)
Cash Payments to Suppliers for Goods and Services	(147,427)
Cash Payments for Other Expenses	(248)
Net Cash Used for Operating Activities	<u>(51,104)</u>

Cash Flows from Noncapital Financing Activities:

Cash Received from Operating Grants	34,258
Cash Received from Advances In	37,769
Cash Payments to Other Funds	(6,328)
Net Cash Provided by Noncapital Financing Activities	<u>65,699</u>

Net Increase in Cash and Cash Equivalents	14,595
Cash and Cash Equivalents at Beginning of Year	<u>2,842</u>
Cash and Cash Equivalents at End of Year	<u><u>\$17,437</u></u>

**Reconciliation of Operating Loss to Net
Cash Used for Operating Activities:**

Operating Loss	(\$75,123)
Adjustments to Reconcile Operating Loss to Net <u>Cash Used for Operating Activities:</u>	
Depreciation	5,083
Donated Commodities Used During Year	13,234
Changes in Assets and Liabilities:	
Increase in Prepaid Items	(79)
Increase in Inventory Held for Resale	(214)
Decrease in Materials and Supplies Inventory	483
Increase in Accounts Payable	4,181
Increase in Accrued Wages and Benefits	203
Increase in Compensated Absences Payable	2,705
Decrease in Intergovernmental Payable	(1,577)
Net Cash Used for Operating Activities	<u><u>(\$51,104)</u></u>

See Accompanying Notes to the General Purpose Financial Statements

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1968. The School District serves an area of approximately sixty-seven square miles. It is located in Sandusky and Ottawa Counties and includes all of the Village of Woodville and the Village of Elmore. The School District is the 422nd largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by forty-two classified employees, eighty-two certified teaching personnel, and ten administrative employees who provide services to 1,260 students and other community members. The School District currently operates an elementary school and a middle/high school.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Woodmore Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Woodmore Local School District.

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

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

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types

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

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

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

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

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund Type

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

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. The School District did not have any nonexpendable trust funds in fiscal year 1999. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

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

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

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

B. Measurement Focus and Basis of Accounting

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: grants, interest, tuition, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred 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 the governmental funds.

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

C. Budgetary Process

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Tax Budget

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

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 1999.

Appropriations

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Encumbrances

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

Lapsing of Appropriations

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

D. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 1999, investments were limited to repurchase agreements and STAR Ohio. Repurchase agreements are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 1999 amounted to \$85,140, which includes \$21,261 assigned from other School District funds.

For purposes of the statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

F. Inventory

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

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 15 for the calculation of the year end restricted asset balance and the corresponding fund balance reserves.

H. Fixed Assets and Depreciation

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to enterprise fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Interfund Assets/Liabilities

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

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. No liability for vacation benefits is recorded because an employee cannot carryover vacation days from year to year.

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the enterprise funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Fund balance designations are established to indicate tentative plans for financial resource utilization in future periods. Unreserved, undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, inventories of materials and supplies, budget stabilization, and encumbrances.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The designation for budget stabilization for balance sheet represents resources set aside in addition to the minimum required by state statute.

M. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Allocation

Non-Reimbursable Grants

Special Revenue Funds

- Venture Capital
- Auxiliary Services
- Professional Development
- Education Management Information System
- RPDC Technology
- Disadvantaged Pupil Impact Aid
- Educational Initiative
- Migrant Education
- Eisenhower
- Title VI-B
- Indo Chinese Refugee
- Title I
- Title VI
- Drug Free Schools

Capital Projects Funds

- SchoolNet/SchoolNet Plus
- Textbook/Instructional Materials
- Power Up

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Reimbursable Grants
 - General Fund
 - Driver Education
 - Enterprise Funds
 - National School Lunch Program
 - Government Donated Commodities

Grants and entitlements amounted to 41 percent of the revenues in the School District's governmental fund types during the 1999 fiscal year.

N. Interfund Transactions

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

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

O. Estimates

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

P. Total Columns on General-Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had deficit fund balances/retained earnings at June 30, 1999.

Fund Type/Fund	Deficit
Special Revenue Funds:	
Migrant Education	\$13,298
Title VI-B	1,742
Title I	5,581
Enterprise Fund:	
Uniform School Supplies	8,723

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (continued)

The deficit fund balances in the special revenue funds at June 30, 1999, were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The deficit retained earnings in the enterprise fund is the result of cost of sales exceeding amounts charged in fiscal year 1999. The School District is reviewing the operations of this fund.

B. Compliance

The Professional Development special revenue fund had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 1999, in the amount of \$115.

The following accounts had expenditures in excess of appropriations for the fiscal year ended June 30, 1999:

<u>Fund Type/Fund/ Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
Regular			
Materials and Supplies	\$161,131	\$171,322	\$10,191
Capital Outlay - New	78,726	80,287	1,561
Other			
Purchased Services	36,733	38,675	1,942
Pupils			
Salaries	247,715	258,275	10,560
Purchased Services	91,250	98,528	7,278
Capital Outlay - Replacement	0	244	244
Administration			
Purchased Services	\$55,831	\$55,964	\$133
Capital Outlay - New	16,766	20,439	3,673
Capital Outlay - Replacement	6,361	7,065	704
Fiscal			
Salaries	79,500	79,687	187
Operation and Maintenance			
Capital Outlay - New	51,300	52,397	1,097
Pupil Transportation			
Capital Outlay - New	42,000	51,398	9,398
Extracurricular Activities			
Salaries	150,229	159,934	9,705
Fringe Benefits	17,330	18,466	1,136

(continued)

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (continued)

Fund Type/Fund/ Function/Object	Appropriations	Expenditures	Excess
Special Revenue Funds:			
Athletic and Music			
Extracurricular Activities			
Other	3,971	5,243	1,272
Auxiliary Services			
Non-Instructional Services			
Purchased Services	4,631	5,388	757
Education Initiative			
Regular			
Fringe Benefits	19	78	59
Materials and Supplies	0	77	77
Migrant Education			
Non-Instructional Services			
Salaries	2,058	3,524	1,466
Fringe Benefits	317	584	267
Purchased Services	41	75	34
Materials and Supplies	1,677	8,254	6,577
Eisenhower			
Regular			
Materials and Supplies	880	1,995	1,115
Debt Service Fund:			
Bond Retirement			
Fiscal			
Other	10,478	10,510	32
Capital Projects Fund:			
Permanent Improvement			
Capital Outlay			
Purchased Services	10,000	10,483	483

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

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

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds

	Governmental Fund Types				Expendable Trust
	General	Special Revenue	Debt Service	Capital Projects	
GAAP Basis	\$18,539	(\$19,736)	\$14,495	\$153,835	\$6,673
<u>Increase (Decrease) Due To:</u>					
Revenue Accruals:					
Accrued FY 1998, Received in Cash FY 1999	442,827	70	74,348	0	0
Accrued FY 1999, Not Yet Received in Cash	(518,967)	(23,539)	(82,476)	(12,702)	0
Expenditure Accruals:					
Accrued FY 1998, Paid in Cash FY 1999	(603,575)	(39,195)	0	0	0
Accrued FY 1999, Not Yet Paid in Cash	672,002	40,891	0	382	100
Prepaid Items	(3,727)	0	0	0	0
Advances Out	(37,769)	0	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(180,768)	(62,894)	0	(59,107)	0
Budget Basis	<u>(\$211,438)</u>	<u>(\$104,403)</u>	<u>\$6,367</u>	<u>\$82,408</u>	<u>\$6,773</u>

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

Net Loss/Excess of Revenues Over
Expenses, Transfers, and Advances
Enterprise Funds

GAAP Basis	(\$27,004)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 1998, Received in Cash FY 1999	7,989
Accrued FY 1999, Not Yet Received in Cash	(8,616)
Expense Accruals:	
Accrued FY 1998, Paid in Cash FY 1999	(13,255)
Accrued FY 1999, Not Yet Paid in Cash	18,767
Prepaid Items	(79)
Inventory Held for Resale	(214)
Materials and Supplies Inventory	483
Depreciation Expense	5,083
Advances In	37,769
Encumbrances Outstanding at Year End (Budget Basis)	(17,437)
Budget Basis	\$3,486

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

At fiscal year end, the School District had \$1,886 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

At fiscal year end, the carrying amount of the School District's deposits was \$920,967 and the bank balance was \$1,108,318. Of the bank balance, \$273,441 was covered by federal depository insurance and \$834,877 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

	Category 3	Reported Amount	Fair Value
Repurchase Agreements	\$194,335	\$194,335	\$194,352
STAR Ohio		597,932	597,932
Totals		\$792,267	\$792,284

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$1,715,120	\$0
Cash on Hand	(1,886)	0
Investments:		
Repurchase Agreements	(194,335)	194,335
STAR Ohio	(597,932)	597,932
GASB Statement No. 3	\$920,967	792,267

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. All property is required to be revalued every six years. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Public utility property taxes, attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current fiscal year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Sandusky and Ottawa Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$513,585 in the General Fund, \$80,981 in the Bond Retirement debt service fund, and \$12,702 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 1998, was \$429,983 in the General Fund and \$71,624 in the Bond Retirement debt service fund.

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$72,515,340	57.00%	\$74,767,000	56.85 %
Industrial/Commercial	13,353,740	10.50	12,720,850	9.67
Public Utility	9,577,890	7.53	11,287,280	8.58
Tangible Personal	31,775,588	24.97	32,743,565	24.90
Total Assessed Value	<u>\$127,222,558</u>	<u>100.00%</u>	<u>\$131,518,695</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$40.70		\$40.70	

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, accounts (student fees, rent, and billings for user charged services), intergovernmental, accrued interest, and interfund receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Accounts receivable at June 30 were \$3,927.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Special Revenue Funds:	
Migrant Education	\$146
Title VI-B	21,471
Drug Free Schools	1,922
Total Special Revenue Funds	23,539
Enterprise Fund:	
Food Service	
School Lunch Program	8,616
Total Intergovernmental Receivables	\$32,155

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$143,456
Less Accumulated Depreciation	(117,142)
Net Fixed Assets	\$26,314

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Reduction s	Balance at 6/30/99
Land and Improvements	\$667,870	\$4,943	\$0	\$672,813
Buildings and Improvements	8,275,300	0	0	8,275,300
Furniture, Fixtures, and Equipment	2,216,425	86,098	0	2,302,523
Vehicles	532,897	9,580	0	542,477
Books	574,325	0	0	574,325
Totals	\$12,266,817	\$100,621	\$0	\$12,367,438

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 9 - INTERFUND ASSETS/LIABILITIES

At June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General	\$101,141	\$1,495
Special Revenue Funds:		
Title VI-B	0	18,389
Title I	0	1,030
Drug Free Schools	0	1,162
Total Special Revenue Funds	0	20,581
Debt Service Fund:		
Bond Retirement	1,495	0
Enterprise Funds:		
Food Service	0	24,482
Uniform School Supplies	0	13,287
Total Enterprise Funds	0	37,769
Agency Fund:		
Student Activities	0	42,791
Total All Funds	<u>\$102,636</u>	<u>\$102,636</u>

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted for the following insurance coverages:

Coverages provided by Utica National Insurance are as follows:

Building and Contents/Boiler and Machinery - replacement cost (\$1,000 deductible)	\$21,366,920
Miscellaneous Property (\$1,000 deductible)	116,940
Musical Instruments	190,185

Coverages provided by Grange Mutual Casualty are as follows:

Automobile Liability (\$500 deductible per person/accident)	1,000,000
Medical Payments - per person	5,000

Coverages provided by Nationwide Insurance are as follows:

General School District Liability	
Per Occurrence	1,000,000
Total per Year	3,000,000
Umbrella Liability	
Per Occurrence	2,000,000
Total per Year	2,000,000

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 10 - RISK MANAGEMENT (continued)

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

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

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$226,786, \$328,225, and \$299,906, respectively; 84.19 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$35,849, is recorded as a liability within the respective funds.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

B. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 7.7 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$67,305, \$81,850, and \$78,369, respectively; 44.66 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$37,247, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System and have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 1999, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 1999, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$302,382 for fiscal year 1999.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998 (the latest information available). For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000, and STRS had 91,999 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$71,829 for fiscal year 1999.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575, and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation 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 seventeen days for classified employees and two hundred sixty days for certified employees. Upon retirement, payment is made for 25 percent of accumulated unused sick leave credit to a maximum of forty-seven days for classified employees and sixty-five days for certified employees.

B. Health Care Benefits

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

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Balance at 6/30/98	Additions	Reductions	Balance at 6/30/99
Energy Conservation Loan 1994 5.600%	\$345,000	\$0	\$50,000	\$295,000
School Improvement Bonds 1993 7.252%	3,799,826	0	335,000	3,464,826
Total Long-Term Obligations	4,144,826	0	385,000	3,759,826
Compensated Absences Payable	388,817	97,405	0	486,222
Intergovernmental Payable	90,802	62,196	90,802	62,196
Total General Long-Term	<u>\$4,624,445</u>	<u>\$159,601</u>	<u>\$475,802</u>	<u>\$4,308,244</u>

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

School Improvement General Obligation Bonds - On April 15, 1993, the School District issued \$5,249,826 in voted general obligation bonds for school building improvements. The bonds were issued for a seventeen year period with final maturity on December 1, 2009. The bonds are being retired through the Bond Retirement debt service fund.

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

The School District's overall debt margin was \$8,685,999 with an unvoted debt margin of \$131,519 at June 30, 1999.

Principal and interest requirements to retire outstanding general obligation outstanding debt at June 30, 1999, were as follows:

Fiscal Year	Principal	Interest	Total
2000	\$415,000	\$188,875	\$603,875
2001	445,000	159,170	604,170
2002	475,000	133,730	608,730
2003	495,000	110,603	605,603
2004	505,000	86,210	591,210
2005 - 2009	1,424,826	1,115,206	2,540,032
	<u>\$3,759,826</u>	<u>\$1,793,794</u>	<u>5,553,620</u>

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 15 - RESERVATIONS OF FUND BALANCE

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In addition, the School District is required to set aside money for budget stabilization.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 1999.

	Textbooks	Capital Improvements	Budget Stabilization	Total
Balance June 30, 1998	\$0	\$0	\$35,335	\$35,335
Current Year Set Aside Requirement	109,434	109,434	54,717	273,585
Current Year Offsets	(18,227)	(51,262)	0	(69,489)
Qualifying Expenditures	(91,207)	(58,172)	0	(149,379)
Balance June 30, 1999	<u>\$0</u>	<u>\$0</u>	<u>\$90,052</u>	<u>90,052</u>

Amounts of offsets and qualifying expenditures presented in the table were limited to those necessary to reduce the year end balance to zero. Although the School District may have had additional offsets and qualifying expenditures during the year, by rule, these amounts may not be used to reduce the set aside requirements of future years and are therefore not presented.

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Woodmore Local School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$206,915	\$17,726	\$224,641
Depreciation Expense	5,083	0	5,083
Operating Loss	(63,557)	(11,566)	(75,123)
Federal Donated Commodities	13,234	0	13,234
Operating Grants	34,885	0	34,885
Net Loss	(\$15,438)	(\$11,566)	(\$27,004)
Net Working Capital	(11,493)	(8,724)	(20,217)
Total Assets	55,224	6,916	62,140
Total Equity (Deficit)	8,424	(8,723)	(299)
Encumbrances Outstanding at Year End (Budget Basis)	10,522	6,915	17,437

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Northern Ohio Educational Computer Association

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

B. Penta County Joint Vocational School

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

C. Bay Area Council

The Bay Area Council was established in 1986 to carry out a cooperative program for the purchase of natural gas among boards of education located in Erie, Huron, Ottawa, Sandusky, Seneca, and Wood Counties. The Bay Area Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member boards of education. The Bay Area Council is governed by a Board of Directors. This Board is elected by an Assembly consisting of a representative from each participating school district. Financial information can be obtained from the Erie County Educational Service Center, who serves as fiscal agent, 2902 Columbus Avenue, Sandusky, Ohio 44870.

NOTE 18 - INSURANCE POOLS

A. San-Ott Insurance Consortium

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

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Consortium is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Jay Valasek, who serves as treasurer, 1306 Cedar Street, Fremont, Ohio 43420.

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

NOTE 18 - INSURANCE POOLS (continued)

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

The School 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 (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 19 - RELATED ORGANIZATION

Harris-Elmore Public Library

The Harris-Elmore Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Woodmore Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority and may issue tax related debt on behalf of the Library, 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.

NOTE 20 - SCHOOL FOUNDATION PROGRAM

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$2,517,385 of school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant[ing] further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities,

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999
(Continued)**

and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

NOTE 21 - CONTINGENCIES

A. Grants

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

The School District is party to legal proceedings. The School District's management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

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

Woodmore Local School District
Sandusky County
708 West Main Street
Woodville, Ohio 43469-1099

To the Board of Education:

We have audited the financial statements of Woodmore Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated January 30, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Woodmore Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-10172-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 30, 2001.

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

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

Jim Petro
Auditor of State

January 30, 2001

**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 1999**

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

FINDING NUMBER 1999-10172-001

Noncompliance Citation

Ohio Revised Code § 5705.41 (B) states no subdivision shall make any expenditures of money unless it has been lawfully appropriated as provided in such chapter. The following had expenditures that exceeded appropriations for June 30, 1999:

<u>Fund Type/Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
Regular			
Materials and Supplies	\$161,131	\$171,322	\$10,191
Capital Outlay - New	78,726	80,287	1,561
Other			
Purchased Services	36,733	38,675	1,942
Pupils			
Salaries	247,715	258,275	10,560
Purchased Services	91,250	98,528	7,278
Capital Outlay - Replacement	0	244	244
Administration			
Purchased Services	55,831	55,964	133
Capital Outlay - New	16,766	20,439	3,673
Capital Outlay - Replacement	6,361	7,065	704
Fiscal			
Salaries	79,500	79,687	187
Operation and Maintenance			
Capital Outlay - New	51,300	52,397	1,097
Pupil Transportation			
Capital Outlay - New	42,000	51,398	9,398
Extracurricular Activities			
Salaries	150,229	159,934	9,705
Fringe Benefits	17,330	18,466	1,136
Special Revenue Funds:			
Athletic and Music			
Extracurricular Activities			
Other	3,971	5,243	1,272
Auxiliary Services			
Non-Instructional Services			
Purchased Services	4,631	5,388	757

(Continued)

FINDING NUMBER 1999-10172-001
(Continued)

<u>Fund Type/Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Education Initiative			
Regular			
Fringe Benefits	19	78	59
Materials and Supplies	0	77	77
Migrant Education			
Non-Instructional Services			
Salaries	2,058	3,524	1,466
Fringe Benefits	317	584	267
Purchased Services	41	75	34
Materials and Supplies	1,677	8,254	6,577
Eisenhower			
Regular			
Material and Supplies	880	1,995	1,115
Debt Service Fund:			
Bond Retirement			
Fiscal			
Other	10,478	10,510	32
Capital Projects Fund:			
Permanent Improvement			
Capital Outlay			
Purchased Services	10,000	10,483	483

The Treasurer should not approve purchase orders or payments exceeding appropriations. If sufficient resources exist, the Treasurer should request the Board of Education to amend appropriations (and estimated resources, if needed).

WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 1999

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-10172-001	ORC § 5705.41 (B)	No	Not corrected

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**WOODMORE LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY**

**CORRECTIVE ACTION PLAN
JUNE 30, 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-10172-001	The Board will be reviewing the appropriations on a monthly basis with amendments being done.	FY2001	William Ott, Treasurer



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WOODMORE LOCAL SCHOOL DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 22, 2001**