

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

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

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2015***

JAIME PEARSON, TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Woodmore Local School District, Sandusky County, prepared by Julian & Grube, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

FINDING FOR RECOVERY

Kevin Ball is an administrator in the District who also serves as the junior varsity golf coach. The School's Negotiated Agreement in effect for the 2014-2015 school year provided in part VI – Compensation and Related Benefits, section H.1 – Supplemental Salary Schedules, for the junior varsity golf coach to be paid at a 4% index on a \$32,235 base salary equivalent to \$1,289. During the school year, Mr. Ball was paid a supplemental salary of \$2,579.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued in the amount of \$1,289 against Kevin Ball and in favor of Woodmore Local School District.

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

District Treasurer Kevin Slates was responsible for District-wide financial oversight. District Treasurer Kevin Slate and his bonding company, Travelers Casualty and Surety Company of American, will be jointly and severally liable in the amount of \$1,289, and in favor of Woodmore Local School District.

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

Based on the agreement entered into by and between the Board and Kevin Ball on May 18, 2016, it was authorized for payroll deductions in the amount of \$322.25 to be withheld from Mr. Ball's next four paychecks in order to repay wages that were erroneously overpaid to him.

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

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

Dave Yost
Auditor of State

April 18, 2016

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

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis	3 - 15
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	22
Statement of Fiduciary Net Position - Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	24
Notes to the Basic Financial Statements.....	25 - 65
Required Supplementary Information:	
Schedule of the District’s Proportionate Share of the Net Pension Liability:	
School Employees Retirement System (SERS) of Ohio	66
State Teachers Retirement System (STRS) of Ohio	67
Schedule of District Contributions:	
School Employees Retirement System (SERS) of Ohio	68 - 69
State Teachers Retirement System (STRS) of Ohio	70 - 71
Notes to the Required Supplementary Information	72
Supplementary Information:	
Schedule of Receipts and Expenditures of Federal Awards	73 - 74
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	75 - 76
Independent Auditor’s Report on Compliance With Requirements Applicable to each Major Federal Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	77 - 79
Schedule of Findings and Questioned Costs <i>OMB Circular A-133 § .505</i>	80 - 88
Status of Prior Audit Findings <i>OMB Circular A-133 § .505</i>	89

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodmore Local School District, Sandusky County, Ohio, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Woodmore Local School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodmore Local School District, Sandusky County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2015, the Woodmore Local School District adopted the provisions of Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. In addition, a prior period restatement was required to properly state equity in pooled cash and investments. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the Woodmore Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Woodmore Local School District's internal control over financial reporting and compliance.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The management's discussion and analysis of the Woodmore Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- In total, net position of governmental activities increased \$2,781,001 which represents a 98.45% increase from 2014 as restated in Note 3.A.
- General revenues accounted for \$10,209,241 in revenue or 82.85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,113,478 or 17.15% of total revenues of \$12,322,719.
- The District had \$9,541,718 in expenses related to governmental activities; \$2,113,478 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,209,241 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, bond retirement fund and classroom facilities fund. The general fund had \$9,925,082 in revenues and other financing sources and \$9,666,461 in expenditures and other financing uses. During fiscal year 2015, the general fund's fund balance increased \$258,621 from a balance of \$135,509 to \$394,130.
- The bond retirement fund had \$774,086 in revenues and \$718,299 in expenditures. During fiscal year 2015, the bond retirement fund's fund balance increased \$55,787 from a balance of \$799,712 to \$855,499.
- The classroom facilities fund had \$1,926,758 in revenues and \$8,937,126 in expenditures. During fiscal year 2015, the classroom facilities fund's fund balance decreased \$7,010,368 from a balance of \$8,612,586 to \$1,602,218.

Using the Basic Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The District's statement of net position and statement of activities can be found on pages 16-17 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, bond retirement fund and classroom facilities fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 18-22 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 23 and 24. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-65 of this report.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net position liability. The required supplementary information can be found on pages 66-72 of this report.

The District as a Whole

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

The table on the following page provides a summary of the District's net position at June 30, 2015 and June 30, 2014. Net position was restated at June 30, 2014, as described in Note 3.A of the notes to the basic financial statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Net Position	
	Governmental Activities <u>2015</u>	Restated Governmental Activities <u>2014</u>
<u>Assets</u>		
Current and other assets	\$ 9,661,153	\$ 19,279,130
Capital assets, net	<u>27,550,252</u>	<u>16,207,284</u>
Total assets	<u>37,211,405</u>	<u>35,486,414</u>
<u>Deferred Outflows of Resources</u>		
Pension	<u>957,507</u>	<u>793,596</u>
Total deferred outflows of resources	<u>957,507</u>	<u>793,596</u>
<u>Liabilities</u>		
Current liabilities	1,118,448	2,387,981
Long-term liabilities:		
Due within one year	268,198	227,030
Due within more than one year:		
Net pension liability	13,474,837	16,013,706
Other amounts	<u>16,251,202</u>	<u>16,119,735</u>
Total liabilities	<u>31,112,685</u>	<u>34,748,452</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for the next fiscal year	4,659,683	4,356,392
Pension	<u>2,440,377</u>	<u>-</u>
Total deferred inflows of resources	<u>7,100,060</u>	<u>4,356,392</u>
<u>Net Position</u>		
Net investment in capital assets	12,024,981	4,563,758
Restricted	3,538,546	7,050,853
Unrestricted (deficit)	<u>(15,607,360)</u>	<u>(14,439,445)</u>
Total net position (deficit)	<u>\$ (43,833)</u>	<u>\$ (2,824,834)</u>

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

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

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

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation along with the prior period adjustment detailed in Note 3.C. of the notes to the basic financial statements, had the effect of restating net position at June 30, 2014, from \$12,318,243 to (\$2,824,834).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$43,833. Of this total, \$3,538,546 is restricted in use.

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

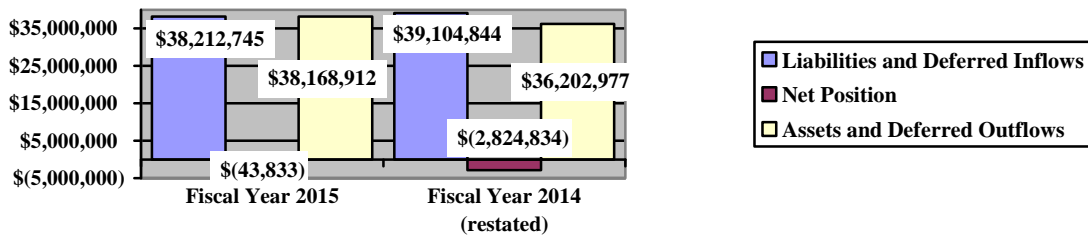
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

At fiscal year-end, capital assets represented 74.04% of total assets. Capital assets included land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2015, was \$12,024,981. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$3,538,546, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$15,607,360.

The table below presents the District's governmental activities liabilities and deferred inflows, net position and assets and deferred outflows as of June 30, 2015 and June 30, 2014, as restated.

Governmental Activities



The table below shows the change in net position for fiscal years 2015 and 2014, as restated.

	Change in Net Position	
	Governmental Activities 2015	Restated Governmental Activities 2014
Revenues		
Program revenues:		
Charges for services and sales	\$ 995,119	\$ 934,323
Operating grants and contributions	1,118,359	1,255,905
General revenues:		
Property taxes	5,346,476	5,107,582
Grants and entitlements	4,774,397	4,440,136
Payment in lieu of taxes	21,000	21,000
Investment earnings	5,273	131,247
Miscellaneous	62,095	-
Total revenues	12,322,719	11,890,193

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Change in Net Position	
	Governmental Activities <u>2015</u>	Restated Governmental Activities <u>2014</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 3,755,878	\$ 5,128,998
Special	1,013,951	1,381,927
Vocational	2,354	8,640
Other	5,327	5,369
Support services:		
Pupil	487,075	658,806
Instructional staff	277,131	311,122
Board of education	103,434	100,373
Administration	739,766	926,081
Fiscal	433,496	348,949
Operations and maintenance	593,195	2,162,107
Pupil transportation	593,409	593,671
Central	251	2,320
Operation of non instructional services:		
Other non-instructional services	66,291	54,415
Food service operations	355,873	379,819
Extracurricular activities	410,439	465,736
Interest and fiscal charges	<u>703,848</u>	<u>667,811</u>
Total expenses	<u>9,541,718</u>	<u>13,196,144</u>
Change in net position	2,781,001	(1,305,951)
Net position (deficit) at beginning of year, restated	<u>(2,824,834)</u>	N/A
Net position (deficit) at end of year	<u><u>\$ (43,833)</u></u>	<u><u>\$ (2,824,834)</u></u>

Governmental Activities

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$793,596 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$567,962.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 9,541,718
Pension expense under GASB 68	(567,962)
2015 contractually required contributions	<u>830,365</u>
Adjusted 2015 program expenses	9,804,121
Total 2014 program expenses under GASB 27	<u>13,196,144</u>
Increase in program expenses not related to pension	<u>\$ (3,392,023)</u>

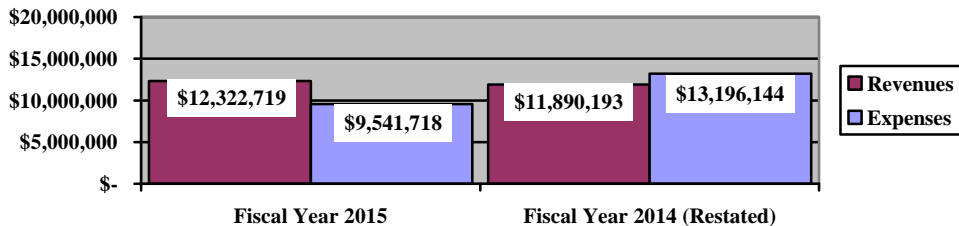
Net position of the District's governmental activities increased \$2,781,001. Total governmental expenses of \$9,541,718 were offset by program revenues of \$2,113,478 and general revenues of \$10,209,241. Program revenues supported 22.15% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 82.13% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,777,510 or 50.07% of total governmental expenses for fiscal year 2015.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2015 and 2014, as restated.

Governmental Activities - Revenues and Expenses



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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

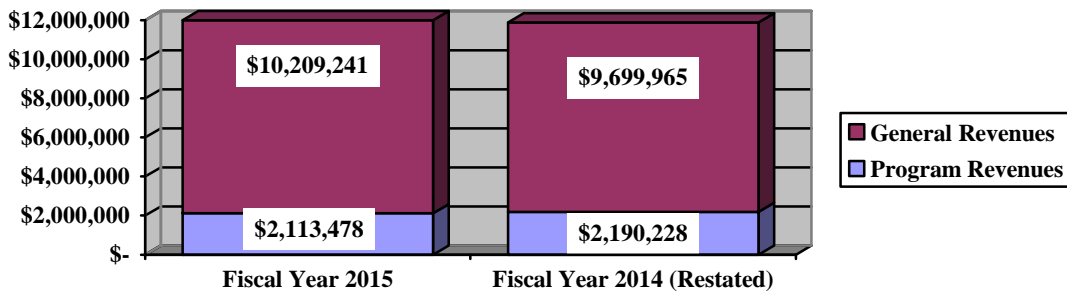
Governmental Activities

	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Program expenses				
Instruction:				
Regular	\$ 3,755,878	\$ 3,214,312	\$ 5,128,998	\$ 4,652,853
Special	1,013,951	238,155	1,381,927	509,176
Vocational	2,354	(29,468)	8,640	7,315
Other	5,327	5,327	5,369	5,369
Support services:				
Pupil	487,075	435,987	658,806	478,284
Instructional staff	277,131	259,081	311,122	285,819
Board of education	103,434	103,434	100,373	100,373
Administration	739,766	689,848	926,081	847,211
Fiscal	433,496	433,496	348,949	348,949
Operations and maintenance	593,195	558,229	2,162,107	2,136,646
Pupil transportation	593,409	504,170	593,671	544,559
Central	251	251	2,320	2,320
Operations of non-instructional services:				
Non-instructional services	66,291	4,547	54,415	43,970
Food service operations	355,873	44,460	379,819	71,248
Extracurricular activities	410,439	262,563	465,736	304,013
Interest and fiscal charges	703,848	703,848	667,811	667,811
Total expenses	\$ 9,541,718	\$ 7,428,240	\$ 13,196,144	\$ 11,005,916

The dependence upon tax and other general revenues for governmental activities is apparent; 71.76% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 77.85%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2015 and 2014, as restated.

Governmental Activities - General and Program Revenues



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The District's Funds

The District's governmental funds reported a combined fund balance of \$3,634,590, which is less than last year's restated balance of \$10,469,972. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and June 30, 2014, as restated.

	Fund Balance June 30, 2015	Fund Balance June 30, 2014 (Restated)	Increase (Decrease)	Percentage Change
General	\$ 394,130	\$ 135,509	\$ 258,621	190.85 %
Bond retirement	855,499	799,712	55,787	6.98 %
Classroom facilities	1,602,218	8,612,586	(7,010,368)	(81.40) %
Other governmental	<u>782,743</u>	<u>922,165</u>	<u>(139,422)</u>	(15.12) %
Total	<u>\$ 3,634,590</u>	<u>\$ 10,469,972</u>	<u>\$ (6,835,382)</u>	(65.29) %

General Fund

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

	2015 Amount	2014 Amount	Increase/ (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 4,147,470	\$ 4,131,968	\$ 15,502	0.38 %
Tuition	403,300	379,675	23,625	6.22 %
Earnings on investments	3,840	2,553	1,287	50.41 %
Intergovernmental	4,986,686	4,645,773	340,913	7.34 %
Other revenues	<u>220,350</u>	<u>128,837</u>	<u>91,513</u>	71.03 %
Total	<u>\$ 9,761,646</u>	<u>\$ 9,288,806</u>	<u>\$ 472,840</u>	5.09 %
<u>Expenditures</u>				
Instruction	\$ 5,639,055	\$ 5,894,541	\$ (255,486)	(4.33) %
Support services	3,492,287	3,311,967	180,320	5.44 %
Extracurricular activities	276,898	281,250	(4,352)	(1.55) %
Other Capital outlay	163,436	-	163,436	100.00 %
Debt service	<u>54,785</u>	<u>19,130</u>	<u>35,655</u>	186.38 %
Total	<u>\$ 9,626,461</u>	<u>\$ 9,506,888</u>	<u>\$ 119,573</u>	1.26 %

Overall revenues of the general fund increased \$472,840 or 5.09%. Other revenues increased \$91,513 or 71.03% mainly due to an increase in miscellaneous receipts during the fiscal year. Earnings on investments increased \$1,287 or 50.41% due to improving interest rates on the investments held by the District in fiscal year 2015. All other revenues remained comparable to prior year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Overall expenditures of the general fund increased \$119,573 or 1.26%. Debt service and other capital outlay expenditures increased \$35,655 or 186.38% and \$163,436 or 100.00%, respectively, due to the District entering into a capital lease for computers in fiscal year 2015. All other expenditures remained comparable to prior year. During fiscal year 2015, the general fund's fund balance increased \$258,621 from a balance of \$135,509 to \$394,130

Bond Retirement Fund

The bond retirement fund had \$774,086 in revenues and \$718,299 in expenditures. During fiscal year 2015, the bond retirement fund's fund balance increased \$55,787 from a balance of \$799,712 to \$855,499.

Classroom Facilities Fund

The classroom facilities fund had \$1,926,758 in revenues and \$8,937,126 in expenditures. During fiscal year 2015, the classroom facilities fund's fund balance decreased \$7,010,368 from a balance of \$8,612,586 to \$1,602,218.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources were \$9,564,004 which was less than final budgeted revenues and other financing sources of \$9,618,841. Actual revenues and other financing sources for fiscal year 2015 were \$9,967,142. This represents a \$348,301 increase over final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures) were \$9,602,392, while final appropriations totaled \$9,014,782. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$9,696,342, which was \$681,560 more than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the District had \$27,550,252 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The table on the following page shows June 30, 2015 balances compared to the amount of capital assets at June 30, 2014.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2015</u>	<u>2014</u>
Land	\$ 174,516	\$ 174,516
Construction in progress	-	10,587,495
Land improvements	53,447	62,357
Building and improvements	26,398,064	4,770,176
Furniture and equipment	625,618	249,140
Vehicles	<u>298,607</u>	<u>363,600</u>
Total	<u>\$ 27,550,252</u>	<u>\$ 16,207,284</u>

The overall increase of capital assets is \$11,342,968, due to capital asset additions of \$11,714,805 exceeding depreciation expense of \$371,837.

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

Debt Administration

At June 30, 2015, the District had \$15,865,619 in capital leases and general obligation bonds outstanding. Of this amount \$182,685 is due within one year and \$15,682,934 is due within more than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Year End		
	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
Capital lease obligation	\$ 162,737	\$ 51,952
General obligation bonds	<u>15,702,882</u>	<u>15,706,116</u>
Total	<u>\$ 15,865,619</u>	<u>\$ 15,758,068</u>

At June 30, 2015, the District's unvoted debt margin was \$145,210. See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

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

The District has made many budget reductions over the last several years and is continuing to look at all areas to try to save more. The current five-year forecast does not show a negative balance until 2018. The District is projected to be in a deficit spending situation beginning in fiscal year 2017 and will need to generate additional revenue or cut more expenses. A 3.95 mil Emergency Levy was passed in May 2011, with collections that started in 2012.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Contacting the District's Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 3,491,445
Receivables:	
Property taxes	5,624,849
Accounts	38,086
Accrued interest	5,891
Intergovernmental	468,870
Prepayments	5,900
Materials and supplies inventory	21,476
Inventory held for resale	4,636
Capital assets:	
Nondepreciable capital assets	174,516
Depreciable capital assets, net	27,375,736
Capital assets, net	27,550,252
Total assets	37,211,405
 Deferred outflows of resources:	
Pension - STRS	752,863
Pension - SERS	204,644
Total deferred outflows of resources	957,507
 Liabilities:	
Accounts payable	54,682
Accrued wages and benefits payable	564,442
Intergovernmental payable	79,303
Pension and postemployment benefits payable	156,487
Accrued interest payable	263,534
Long-term liabilities:	
Due within one year	268,198
Due in more than one year:	
Net pension liability (See Note 13)	13,474,837
Other amounts due in more than one year	16,251,202
Total liabilities	31,112,685
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	4,659,683
Pension - STRS	2,064,888
Pension - SERS	375,489
Total deferred inflows of resources	7,100,060
 Net position:	
Net investment in capital assets	12,024,981
Restricted for:	
Capital projects	2,326,979
Classroom facilities maintenance	100,852
Debt service	882,923
State funded programs	4,970
Federally funded programs	146,770
Student activities	28,042
Other purposes	48,010
Unrestricted (deficit)	(15,607,360)
Total net position (deficit)	\$ (43,833)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 3,755,878	\$ 491,958	\$ 49,608	\$ (3,214,312)
Special	1,013,951	-	775,796	(238,155)
Vocational	2,354	-	31,822	29,468
Other	5,327	-	-	(5,327)
Support services:				
Pupil	487,075	347	50,741	(435,987)
Instructional staff	277,131	-	18,050	(259,081)
Board of education	103,434	-	-	(103,434)
Administration	739,766	-	49,918	(689,848)
Fiscal	433,496	-	-	(433,496)
Operations and maintenance	593,195	16,683	18,283	(558,229)
Pupil transportation	593,409	36,093	53,146	(504,170)
Central	251	-	-	(251)
Operation of non-instructional services:				
Other non-instructional services	66,291	-	61,744	(4,547)
Food service operations	355,873	308,502	2,911	(44,460)
Extracurricular activities	410,439	141,536	6,340	(262,563)
Interest and fiscal charges	703,848	-	-	(703,848)
Total governmental activities	\$ 9,541,718	\$ 995,119	\$ 1,118,359	(7,428,240)
General revenues:				
Property taxes levied for:				
General purposes				4,204,678
Debt service				684,920
Capital outlay				405,181
Special revenue				51,697
Payments in lieu of taxes				21,000
Grants and entitlements not restricted				
to specific programs				4,774,397
Investment earnings				5,273
Miscellaneous				62,095
Total general revenues				10,209,241
Change in net position				2,781,001
Net position (deficit)				
at beginning of year (restated)				(2,824,834)
Net position (deficit) at end of year				\$ (43,833)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Bond Retirement	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 431,858	\$ 771,543	\$ 1,614,722	\$ 651,728	\$ 3,469,851
Receivables:					
Property taxes	4,468,457	633,086	-	523,306	5,624,849
Accounts	38,086	-	-	-	38,086
Accrued interest	-	-	5,891	-	5,891
Interfund loans	33,806	-	-	-	33,806
Intergovernmental	68,622	-	149,197	251,051	468,870
Prepayments	5,900	-	-	-	5,900
Materials and supplies inventory	19,017	-	-	2,459	21,476
Inventory held for resale	-	-	-	4,636	4,636
Loans to other funds	36,877	-	-	-	36,877
Restricted assets:					
Equity in pooled cash and cash equivalents	21,594	-	-	-	21,594
Total assets	5,124,217	1,404,629	1,769,810	1,433,180	9,731,836
Liabilities:					
Accounts payable	32,313	-	12,504	9,865	54,682
Contracts payable	-	-	-	-	-
Accrued wages and benefits payable	535,294	-	-	29,148	564,442
Intergovernmental payable	76,444	-	-	2,859	79,303
Pension and postemployment benefits payable	130,283	-	-	26,204	156,487
Interfund loans payable	-	-	-	33,806	33,806
Loans from other funds	-	-	-	36,877	36,877
Total liabilities	774,334	-	12,504	138,759	925,597
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	3,704,046	521,706	-	433,931	4,659,683
Delinquent property tax revenue not available	188,210	27,424	-	22,006	237,640
Intergovernmental revenue not available	63,497	-	149,197	55,741	268,435
Accrued interest not available	-	-	5,891	-	5,891
Total deferred inflows of resources	3,955,753	549,130	155,088	511,678	5,171,649
Fund balances:					
Nonspendable:					
Materials and supplies inventory	19,017	-	-	2,459	21,476
Prepays	5,900	-	-	-	5,900
Long-term loans	36,877	-	-	-	36,877
Restricted:					
Debt service	-	855,499	-	-	855,499
Capital improvements	-	-	1,602,218	550,376	2,152,594
Classroom facilities maintenance	-	-	-	98,143	98,143
Migrant program	-	-	-	91,684	91,684
Non-public schools	-	-	-	4,970	4,970
Targeted academic assistance	-	-	-	965	965
Other purposes	6,429	-	-	21,760	28,189
Extracurricular activities	-	-	-	28,042	28,042
School bus purchases	21,594	-	-	-	21,594
Assigned:					
Student instruction	1,398	-	-	-	1,398
Student and staff support	38,703	-	-	-	38,703
Subsequent year's appropriations	13,734	-	-	-	13,734
Unassigned (deficit)	250,478	-	-	(15,656)	234,822
Total fund balances	394,130	855,499	1,602,218	782,743	3,634,590
Total liabilities, deferred inflows of resources and fund balances	\$ 5,124,217	\$ 1,404,629	\$ 1,769,810	\$ 1,433,180	\$ 9,731,836

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

Total governmental fund balances		\$	3,634,590
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			27,550,252
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	237,640	
Accrued interest receivable		5,891	
Intergovernmental receivable		268,435	
Total		511,966	511,966
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(263,534)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources - pension		957,507	
Deferred inflows of resources - pension		(2,440,377)	
Net pension liability		(13,474,837)	
Total		(14,957,707)	(14,957,707)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(15,702,882)	
Capital lease obligations		(162,737)	
Compensated absences		(653,781)	
Total		(16,519,400)	(16,519,400)
Net position of governmental activities		\$	(43,833)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 4,147,470	\$ 679,524	\$ -	\$ 448,978	\$ 5,275,972
Payment in lieu of taxes	21,000	-	-	-	21,000
Tuition.	403,300	-	-	770	404,070
Transportation fees.	21,164	-	-	-	21,164
Earnings on investments	3,840	-	-	458	4,298
Charges for services	-	-	-	165,843	165,843
Extracurricular.	20,862	-	-	145,292	166,154
Classroom materials and fees	83,229	-	-	-	83,229
Rental income	12,000	-	-	-	12,000
Contributions and donations	-	-	-	95,080	95,080
Other local revenues	62,095	-	-	-	62,095
Intergovernmental - state	4,986,686	94,562	1,926,758	129,432	7,137,438
Intergovernmental - federal	-	-	-	669,285	669,285
Total revenues	<u>9,761,646</u>	<u>774,086</u>	<u>1,926,758</u>	<u>1,655,138</u>	<u>14,117,628</u>
Expenditures:					
Current:					
Instruction:					
Regular.	4,725,070	-	-	166,621	4,891,691
Special	908,452	-	-	387,096	1,295,548
Vocational	16	-	-	-	16
Other	5,517	-	-	-	5,517
Support services:					
Pupil	601,558	-	-	31,284	632,842
Instructional staff	255,867	-	-	19,247	275,114
Board of education	100,609	-	-	-	100,609
Administration	837,867	-	-	49,291	887,158
Fiscal	402,890	17,611	-	12,828	433,329
Operations and maintenance	818,206	-	-	251,861	1,070,067
Pupil transportation	475,039	-	-	50,040	525,079
Central	251	-	-	-	251
Operation of non-instructional services:					
Other operation of non-instructional.	-	-	-	67,323	67,323
Food service operations.	-	-	-	328,760	328,760
Extracurricular activities	276,898	-	-	138,135	415,033
Facilities acquisition and construction.	-	-	8,937,126	332,074	9,269,200
Other capital outlay.	163,436	-	-	-	163,436
Debt service:					
Principal retirement.	52,651	135,000	-	-	187,651
Interest and fiscal charges	2,134	565,688	-	-	567,822
Total expenditures	<u>9,626,461</u>	<u>718,299</u>	<u>8,937,126</u>	<u>1,834,560</u>	<u>21,116,446</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>135,185</u>	<u>55,787</u>	<u>(7,010,368)</u>	<u>(179,422)</u>	<u>(6,998,818)</u>
Other financing sources (uses):					
Transfers in.	-	-	-	40,000	40,000
Transfers (out)	(40,000)	-	-	-	(40,000)
Capital lease transaction	163,436	-	-	-	163,436
Total other financing sources (uses)	<u>123,436</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>163,436</u>
Net change in fund balances	258,621	55,787	(7,010,368)	(139,422)	(6,835,382)
Fund balances at beginning of year (restated).	135,509	799,712	8,612,586	922,165	10,469,972
Fund balances at end of year.	<u>\$ 394,130</u>	<u>\$ 855,499</u>	<u>\$ 1,602,218</u>	<u>\$ 782,743</u>	<u>\$ 3,634,590</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds	\$	(6,835,382)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 11,714,805	
Current year depreciation	(371,837)	
Total		11,342,968
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	70,504	
Earnings on investments	1,020	
Intergovernmental	(1,869,896)	
Total		(1,798,372)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		187,651
Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(163,436)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		830,365
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(567,962)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) in accrued interest payable	(4,260)	
Accreted interest on capital appreciation bonds	(131,766)	
Total		(136,026)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(78,805)
Change in net position of governmental activities	\$	2,781,001

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 3,690,136	\$ 4,079,480	\$ 4,229,247	\$ 149,767
Tuition.	321,849	375,814	403,299	27,485
Transportation fees.	3,043	22,000	21,164	(836)
Earnings on investments	2,323	2,500	3,840	1,340
Extracurricular.	27,280	25,000	15,856	(9,144)
Classroom materials and fees	22,132	18,500	25,261	6,761
Rental income	11,715	15,000	12,000	(3,000)
Other local revenues	7,561	4,400	24,009	19,609
Intergovernmental - intermediate	3,020	-	21,000	21,000
Intergovernmental - state	5,379,965	5,043,344	4,977,790	(65,554)
Total revenues	<u>9,469,024</u>	<u>9,586,038</u>	<u>9,733,466</u>	<u>147,428</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,210,683	5,210,683	4,983,025	227,658
Special.	694,050	694,050	834,034	(139,984)
Vocational.	4,220	4,220	-	4,220
Other.	11,021	11,021	5,517	5,504
Support services:				
Pupil.	469,831	469,831	593,286	(123,455)
Instructional staff	224,422	224,422	223,777	645
Board of education	99,697	99,697	103,885	(4,188)
Administration.	901,752	901,752	872,131	29,621
Fiscal	343,381	343,381	407,045	(63,664)
Operations and maintenance.	838,346	838,346	829,967	8,379
Pupil transportation	510,657	510,657	490,759	19,898
Central.	1,550	1,550	364	1,186
Extracurricular activities.	262,632	262,632	278,604	(15,972)
Total expenditures	<u>9,572,242</u>	<u>9,572,242</u>	<u>9,622,394</u>	<u>(50,152)</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(103,218)</u>	<u>13,796</u>	<u>111,072</u>	<u>97,276</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	200,873	200,873
Transfers (out).	(30,000)	(30,000)	(40,000)	(10,000)
Advances in.	94,980	32,803	32,803	-
Advances (out)	(150)	(150)	(33,948)	(33,798)
Total other financing sources (uses)	<u>64,830</u>	<u>2,653</u>	<u>159,728</u>	<u>157,075</u>
Net change in fund balance	(38,388)	16,449	270,800	254,351
Fund balance at beginning of year	864	864	864	-
Prior year encumbrances appropriated	74,408	74,408	74,408	-
Fund balance at end of year	<u>\$ 36,884</u>	<u>\$ 91,721</u>	<u>\$ 346,072</u>	<u>\$ 254,351</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 87,657	\$ 58,327
Receivables:		
Accrued interest.	15	-
Total assets.	87,672	\$ 58,327
Liabilities:		
Due to students.	-	\$ 58,327
Total liabilities	-	\$ 58,327
Net position:		
Held in trust for scholarships	87,672	
Total net position.	\$ 87,672	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 500
Total additions.	500
Deductions:	
Scholarships awarded	6,000
Change in net position	(5,500)
Net position at beginning of year.	93,172
Net position at end of year	\$ 87,672

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1968. The District serves an area of approximately sixty-seven square miles. It is located in Sandusky and Ottawa Counties and includes all of the Village of Woodville and the Village of Elmore. It is staffed by 46 classified employees, 77 certified teaching personnel and 10 administrative employees who provide services to 1,110 students and other community members. The District currently operates an elementary school and a middle/high school.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among thirty-eight school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two Assembly members from each county in which participating school districts are limited to its representation on the Board. During fiscal year 2015, the District paid \$26,111 to NOECA for services. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Northwestern Ohio Educational Research Council, Inc.

The research council is a jointly governed organization which serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. During fiscal year 2015, the District paid no fees to the Council.

Bay Area Council of Governments (BACG)

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Penta Career Center

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

INSURANCE PURCHASING POOLS

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

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

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

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

Schools of Ohio Risk Sharing Authority ("SORSA")

The District participates in the Schools of Ohio Risk Sharing Authority (SORSA) which was established in 2002 pursuant to Articles of Incorporation filed under Chapter 1702 of the Ohio Revised Code - Non-profit Corporations and functioning under the authority granted by Section 2744.081 of the Ohio Revised Code. SORSA's purpose is to provide a joint self-insurance pool and to assist member school districts in preventing and reducing losses and injuries to property and persons which might result in claims being made against members of SORSA, their employees or officers. The District paid \$56,818 for these services to SORSA in fiscal year 2015.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

RELATED ORGANIZATION

Harris-Elmore Public Library

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUND

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

D. Basis of Accounting

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2015 is as follows:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Sandusky County Budget Commission for tax rate determination. The Sandusky County Commissioners waived this requirement for 2015.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2015.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.
6. Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid. However, the District elected to budget these temporary resources anyway.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2015; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

9. Unencumbered appropriations lapse at fiscal year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the legal level of budgetary control.

F. Cash and Investments

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

During fiscal year 2015, investments were limited to federal agency securities, negotiable and nonnegotiable certificates of deposit, money market accounts and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments in STAR Ohio are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2015. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2015.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$3,840, which includes \$3,686 assigned from other funds.

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

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

G. Inventory

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2015, the District maintained a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

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

I. Interfund Balances

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

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

J. Compensated Absences

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2015, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least ten years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2015 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

M. Net Position

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

N. Prepayments

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

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

O. Nonpublic Schools

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

P. Estimates

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

Q. Restricted Assets

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

R. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

S. Pensions

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had neither type of occurrence during fiscal year 2015.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position and Fund Balance

For fiscal year 2015, the District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District's pension plan disclosures, as presented in Note 13 to the financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. In addition, a prior period adjustment was required to properly state equity in pooled cash and investments. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities	Governmental Fund Balances
Net position/fund balance as previously reported (restated)	\$ 12,318,243	\$ 10,392,939
Deferred outflows - payments		
subsequent to measurement date	793,596	-
Net pension liability	(16,013,706)	-
Equity in pooled cash and investments	77,033	77,033
Restated net position/fund balance at July 1, 2014	\$ (2,824,834)	\$ 10,469,972

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

B. Deficit Fund Balances

Fund balances at June 30, 2015 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 516
Management information systems	142
IDEA part-B	10,892
IDEA preschool	692
Improving teacher quality	3,414

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

C. Noncompliance

- i. The District did not timely certify expenditures for the year ended June 30, 2015, in noncompliance with Ohio Revised Code Section 5705.41(D).
- ii. In certain cases, the District did not properly record minutes from Board of Education meetings and make them available to the public, in noncompliance with Ohio Revised Code Sections 149.43 and 121.22.
- iii. The District's appropriations approved by the Board of Education did not match those entered into the USAS accounting system, in noncompliance with Ohio Administrative Code 117-0-2-02(C)(1).
- iv. The District had expenditures in excess of appropriations for the fiscal year ended June 30, 2015, and throughout the fiscal year, in noncompliance with Ohio Revised Code Section 5705.41(B) and 5705.40.
- v. The District had several athletic deposits which were not deposited timely, in noncompliance with Ohio Revised Code Section 9.38.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At June 30, 2015, the District had \$5,095 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all District deposits was \$536,056. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$328,133 of the District's bank balance of \$696,775 was exposed to custodial risk as discussed below, while \$368,642 was covered by the FDIC.

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

C. Investments

As of June 30, 2015, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater Than 24 months</u>
FHLB	\$ 694,903	\$ -	\$ 99,985	\$ 190,202	\$ 75,103	\$ 329,613
FHLM	1,039,240	-	-	-	209,358	829,882
FFCB	199,722	-	-	-	-	199,722
FNMA	453,889	-	-	-	-	453,889
Negotiable CDs	659,077	-	-	-	245,175	413,902
Money market funds	3,088	3,088	-	-	-	-
STAR Ohio	46,359	46,359	-	-	-	-
Total	\$ 3,096,278	\$ 49,447	\$ 99,985	\$ 190,202	\$ 529,636	\$ 2,227,008

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The weighted average maturity of investments is 2.58 years.

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

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

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 694,903	22.44%
FHLM	1,039,240	33.56%
FFCB	199,722	6.45%
FNMA	453,889	14.66%
Negotiable CDs	659,077	21.29%
Money market funds	3,088	0.10%
STAR Ohio	<u>46,359</u>	<u>1.50%</u>
Total	<u>\$ 3,096,278</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 536,056
Investments	3,096,278
Cash on hand	<u>5,095</u>
Total	<u>\$ 3,637,429</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 3,491,445
Private-purpose trust fund	87,657
Agency fund	<u>58,327</u>
 Total	 <u>\$ 3,637,429</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2015, as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 33,806</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2015 are reported on the statement of net position.

- B. Long-term loans to/from other funds at June 30, 2015 as reported on the fund statements, consisted of the following:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 36,877</u>

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

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

- C. Interfund transfers for the year ended June 30, 2015, consisted of the following, as reported on the fund financial statements:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 40,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Sandusky and Ottawa Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$576,201 in the general fund, \$83,956 in the bond retirement fund, \$59,075 in the permanent improvement fund and \$8,294 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2014 was \$657,978 in the general fund, \$110,642 in the bond retirement fund, \$60,694 in the permanent improvement fund and \$10,158 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 138,335,250	95.56	\$ 138,412,670	95.32
Public utility personal	<u>6,432,300</u>	<u>4.44</u>	<u>6,797,340</u>	<u>4.68</u>
Total	<u>\$ 144,767,550</u>	<u>100.00</u>	<u>\$ 145,210,010</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$55.58		\$55.58	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2015 consisted of property taxes, accounts, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 5,624,849
Accounts	38,086
Accrued interest	5,891
Intergovernmental	<u>468,870</u>
Total	<u>\$ 6,137,696</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>06/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/15</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 174,516	\$ -	\$ -	\$ 174,516
Construction in progress	<u>10,587,495</u>	<u>11,262,416</u>	<u>(21,849,911)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>10,762,011</u>	<u>11,262,416</u>	<u>(21,849,911)</u>	<u>174,516</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	628,133	-	-	628,133
Buildings and improvements	10,046,204	21,857,089	-	31,903,293
Furniture and equipment	1,587,528	445,211	-	2,032,739
Vehicles	<u>1,049,052</u>	<u>-</u>	<u>-</u>	<u>1,049,052</u>
Total capital assets, being depreciated:	<u>13,310,917</u>	<u>22,302,300</u>	<u>-</u>	<u>35,613,217</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(565,776)	(8,910)	-	(574,686)
Buildings and improvements	(5,276,028)	(229,201)	-	(5,505,229)
Furniture and equipment	(1,338,388)	(68,733)	-	(1,407,121)
Vehicles	<u>(685,452)</u>	<u>(64,993)</u>	<u>-</u>	<u>(750,445)</u>
Total accumulated depreciation	<u>(7,865,644)</u>	<u>(371,837)</u>	<u>-</u>	<u>(8,237,481)</u>
Governmental activities capital assets, net	<u>\$ 16,207,284</u>	<u>\$ 33,192,879</u>	<u>\$ (21,849,911)</u>	<u>\$ 27,550,252</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 110,735
Special	626
Vocational	2,411
<u>Support services:</u>	
Pupil	6,584
Instructional staff	6,214
Board of education	2,825
Administration	43,196
Operations and maintenance	88,191
Pupil transportation	75,920
Extracurricular activities	6,979
Food service operations	<u>28,156</u>
Total depreciation expense	<u>\$ 371,837</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

Copier equipment acquired by lease have been originally capitalized in the amount of \$167,856, which represents the present value of the future minimum lease payments at the time of acquisition. A liability of \$34,955 at June 30, 2015 has been recorded in the statement of net position. Accumulated depreciation as of June 30, 2015 was \$141,287, leaving a current book value of \$26,569. Principal and interest payments in fiscal year 2015 totaled \$16,997 and \$2,134, respectively, paid by the general fund.

During the current fiscal year, the District entered into a lease agreement with Dell, Inc. These leases meet the criteria of a lease as defined by GAAP, which defines a lease generally as one which transfers benefits and risks of ownership to the lessee. This lease was used to acquire various Dell products for students including computers. At June 30, 2015, these items acquired by lease total \$163,436 and have not been capitalized due to each item being under the capitalization threshold. Lease-purchase payments have been reflected as debt service expenditures from the general fund. Principal payments totaled \$35,654 in fiscal year 2015.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2015:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 54,785
2017	53,188
2018	35,654
2019	<u>35,653</u>
Total minimum lease payments	179,280
Less: Amount representing interest	<u>(16,543)</u>
Total	<u>\$ 162,737</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 10 - LONG-TERM OBLIGATIONS

- A. Long-term liabilities at June 30, 2014 have been restated to include the net pension liability (See Note 3.A for detail). During the fiscal year 2015, the following changes occurred in governmental activities long-term obligations:

<u>Governmental activities:</u>	(Restated) Balance <u>06/30/14</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>06/30/15</u>	Amount Due in <u>One Year</u>
<u>General obligation bonds</u>					
<u>Series 2012 A - Facilities and School Improvement</u>					
Current interest bonds	\$ 20,000	\$ -	\$ (10,000)	\$ 10,000	\$ 10,000
Term bonds	13,245,000	-	-	13,245,000	-
Capital appreciation bonds	224,834	-	-	224,834	-
Accreted interest	88,856	83,933	-	172,789	-
<u>Series 2012 B - Facilities and School Improvement</u>					
Current interest bonds	155,000	-	-	155,000	30,000
Term bonds	1,810,000	-	-	1,810,000	-
Capital appreciation bonds	119,988	-	(74,506)	45,482	45,482
Accreted interest	42,438	47,833	(50,494)	39,777	49,518
Total General obligation bonds	<u>15,706,116</u>	<u>131,766</u>	<u>(135,000)</u>	<u>15,702,882</u>	<u>135,000</u>
Capital lease obligation	51,952	163,436	(52,651)	162,737	47,685
Net pension liability	16,013,706	-	(2,538,869)	13,474,837	-
Compensated absences	588,697	276,052	(210,968)	653,781	85,513
Total	<u>\$ 32,360,471</u>	<u>\$ 571,254</u>	<u>\$ (2,937,488)</u>	<u>\$ 29,994,237</u>	<u>\$ 268,198</u>

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The Series 2012A bond issue is comprised of both current interest bonds (consisting of \$30,000 of serial bonds and ten term bonds ranging from \$150,000 to \$3,345,000) and six capital appreciation bonds, in the amount of \$22,945, \$65,335, \$51,458, \$43,115, \$33,957 and \$8,024. The interest rate on the current interest serial bonds is 2.000% and the term bonds ranged from 2.750% to 4.000%. The bonds were issued for a thirty eight year period, with final maturity during fiscal year 2050. The bonds will be retired through the debt service fund. The six capital appreciation bonds mature December 1, 2018 through December 1, 2023 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. All six capital appreciation bonds bear an approximate compounding interest rate of 25.360%. The accreted value at maturity for the six capital appreciation bonds is \$65,000, \$235,000, \$235,000, \$250,000, \$250,000 and \$75,000. Total accreted interest of \$172,789 has been included in the statement of net position at June 30, 2015.

The Series 2012B bond issue is comprised of both current interest bonds (consisting of \$280,000 of serial bonds and four term bonds ranging from \$235,000 to \$995,000) and two capital appreciation bonds, in the amount of \$74,506 and \$45,482. The interest rate on the current interest serial bonds ranges from 2.000% to 2.125% and the term bonds range from 3.625% to 4.250%. The bonds were issued for a thirty eight year period, with final maturity during fiscal year 2050. The bonds will be retired through the debt service fund. The two capital appreciation bonds mature January 15, 2015 and January 15, 2016 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. Both capital appreciation bonds bear an approximate compounding interest rate of 23.160%. The accreted value at maturity for the two capital appreciation bonds is \$125,000 and \$95,000. Total accreted interest of \$39,777 has been included in the statement of net position at June 30, 2015.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30,	Current Interest Serial Bonds - Series 2012A			Current Interest Term Bonds -Series 2012A		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 10,000	\$ 488,363	\$ 498,363	\$ -	\$ -	\$ -
2017	-	488,162	488,162	-	-	-
2018	-	488,163	488,163	-	-	-
2019	-	488,163	488,163	-	-	-
2020	-	488,162	488,162	-	-	-
2021 - 2025	-	488,163	488,163	990,000	1,915,564	2,905,564
2026 - 2030	-	-	-	1,635,000	2,201,821	3,836,821
2031 - 2035	-	-	-	1,995,000	1,907,620	3,902,620
2036 - 2040	-	-	-	2,395,000	1,508,375	3,903,375
2041 - 2045	-	-	-	2,885,000	1,019,687	3,904,687
2046 - 2050	-	-	-	3,345,000	407,200	3,752,200
Total	\$ 10,000	\$ 2,929,176	\$ 2,939,176	\$ 13,245,000	\$ 8,960,267	\$ 22,205,267

Fiscal Year Ending June 30,	Capital Appreciation Bonds - Series 2012A			Total - Series 2012A		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ -	\$ -	\$ -	\$ 10,000	\$ 488,363	\$ 498,363
2017	22,945	42,055	65,000	22,945	530,217	553,162
2018	65,335	169,665	235,000	65,335	657,828	723,163
2019	51,458	183,542	235,000	51,458	671,705	723,163
2020	43,115	206,885	250,000	43,115	695,047	738,162
2021 - 2025	41,981	283,019	325,000	1,031,981	2,686,746	3,718,727
2026 - 2030	-	-	-	1,635,000	2,201,821	3,836,821
2031 - 2035	-	-	-	1,995,000	1,907,620	3,902,620
2036 - 2040	-	-	-	2,395,000	1,508,375	3,903,375
2041 - 2045	-	-	-	2,885,000	1,019,687	3,904,687
2046 - 2050	-	-	-	3,345,000	407,200	3,752,200
Total	\$ 224,834	\$ 885,166	\$ 1,110,000	\$ 13,479,834	\$ 12,774,609	\$ 26,254,443

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30,	Current Interest Serial Bonds - Series 2012B			Current Interest Term Bonds -Series 2012B		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 30,000	\$ 77,122	\$ 107,122	\$ -	\$ -	\$ -
2017	80,000	76,525	156,525	-	-	-
2018	15,000	74,925	89,925	-	-	-
2019	15,000	74,625	89,625	-	-	-
2020	15,000	74,325	89,325	-	-	-
2021 - 2025	-	-	-	80,000	364,413	444,413
2026 - 2030	-	-	-	105,000	348,281	453,281
2031 - 2035	-	-	-	155,000	326,738	481,738
2036 - 2040	-	-	-	305,000	285,238	590,238
2041 - 2045	-	-	-	490,000	209,313	699,313
2046 - 2050	-	-	-	675,000	87,975	762,975
Total	\$ 155,000	\$ 377,522	\$ 532,522	\$ 1,810,000	\$ 1,621,958	\$ 3,431,958

Fiscal Year Ending June 30,	Capital Appreciation Bonds - Series 2012B			Total - Series 2012B		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 45,482	\$ 49,518	\$ 95,000	\$ 75,482	\$ 126,640	\$ 202,122
2017	-	-	-	80,000	76,525	156,525
2018	-	-	-	15,000	74,925	89,925
2019	-	-	-	15,000	74,625	89,625
2020	-	-	-	15,000	74,325	89,325
2021 - 2025	-	-	-	80,000	364,413	444,413
2026 - 2030	-	-	-	105,000	348,281	453,281
2031 - 2035	-	-	-	155,000	326,738	481,738
2036 - 2040	-	-	-	305,000	285,238	590,238
2041 - 2045	-	-	-	490,000	209,313	699,313
2046 - 2050	-	-	-	675,000	87,975	762,975
Total	\$ 45,482	\$ 49,518	\$ 95,000	\$ 2,010,482	\$ 2,048,998	\$ 4,059,480

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effect of these debt limitations at June 30, 2015, is an unvoted debt margin of \$145,210.

NOTE 11 - COMPENSATED ABSENCES

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

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

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

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

Building and Contents/Boiler and Machinery - blanket coverage building and premises, 90% coinsurance with \$0 deductible	\$56,864,716
Inland Marine - Electronic Data Processing Equipment	1,250,000
Inland Marine - Musical Equipment, electronics, uniforms	250,000
Inland Marine - Mobile Equipment	10,700
Automobile Liability (\$0 deductible per person/accident)	\$15,000,000
Medical Payments - per person	10,000
per accident	25,000

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - RISK MANAGEMENT - (Continued)

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

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

Settled claims have not exceeded this commercial coverage in any of the past three years. The District had a significant reduction in inland marine - musical equipment, electronics, uniforms, as well as significant increases to General School District Liability.

B. Medical/Dental Insurance

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

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

C. Workers' Compensation Plan

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$184,954 for fiscal year 2015. Of this amount \$15,040 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's contractually required contribution to STRS was \$645,411 for fiscal year 2015. Of this amount, \$105,592 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 2,313,509	\$ 11,161,328	\$ 13,474,837
Proportion of the net pension liability	0.04571300%	0.04588709%	
Pension expense	\$ 135,008	\$ 432,954	\$ 567,962

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 19,690	\$ 107,452	\$ 127,142
District contributions subsequent to the measurement date	<u>184,954</u>	<u>645,411</u>	<u>830,365</u>
Total deferred outflows of resources	<u>\$ 204,644</u>	<u>\$ 752,863</u>	<u>\$ 957,507</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 375,489</u>	<u>\$ 2,064,888</u>	<u>\$ 2,440,377</u>
Total deferred inflows of resources	<u>\$ 375,489</u>	<u>\$ 2,064,888</u>	<u>\$ 2,440,377</u>

\$830,365 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$ (88,949)	\$ (489,359)	\$ (578,308)
2017	(88,949)	(489,359)	(578,308)
2018	(88,949)	(489,359)	(578,308)
2019	<u>(88,952)</u>	<u>(489,359)</u>	<u>(578,311)</u>
Total	<u>\$ (355,799)</u>	<u>\$ (1,957,436)</u>	<u>\$ (2,313,235)</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 3,300,690	\$ 2,313,509	\$ 1,483,205

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 15,978,658	\$ 11,161,328	\$ 7,087,488

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$23,549.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$33,912, \$21,181, and \$20,529, respectively. For fiscal year 2015, 92.73 percent has been contributed, with the balance being reported as pension and postemployment benefits payable/intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$48,426, and \$48,280 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 270,800
Net adjustment for revenue accruals	(38,564)
Net adjustment for expenditure accruals	31,576
Net adjustment for other sources/uses	(36,292)
Funds budgeted elsewhere	68,903
Adjustment for encumbrances	(37,802)
GAAP basis	\$ 258,621

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

NOTE 16 - CONTINGENCIES

A. Grants

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 16 - CONTINGENCIES - (Continued)

B. Litigation

The District was involved in litigation as a defendant in two lawsuits. One lawsuit involving Ohio's Open Meetings Act reached a settlement and the Plaintiff dismissed all claims, with prejudice, on October 8, 2015. The other lawsuit the parties have reached an agreement and will be covered by the District's policy of insurance.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 17 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	183,348
Current year offsets	<u>(183,348)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

In addition to the above statutory set-asides, the District also has \$21,594 in monies restricted for school bus purchases.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 18 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
Permanent improvements	\$ 303,187
Classroom facilities	68,028
Other governmental	<u>34,244</u>
 Total	 <u>\$ 405,459</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

LAST TWO FISCAL YEARS

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

Note: Information prior to fiscal year 2013 was unavailable.

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

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

LAST TWO FISCAL YEARS

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

Note: Information prior to fiscal year 2013 was unavailable.

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

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

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 184,954	\$ 184,105	\$ 186,738	\$ 170,932	\$ 168,516
Contributions in relation to the contractually required contribution	<u>(184,954)</u>	<u>(184,105)</u>	<u>(186,738)</u>	<u>(170,932)</u>	<u>(168,516)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,403,293	\$ 1,328,319	\$ 1,349,263	\$ 1,270,870	\$ 1,340,621
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%	12.57%

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 166,370	\$ 117,164	\$ 110,933	\$ 113,882	\$ 108,717
<u>(166,370)</u>	<u>(117,164)</u>	<u>(110,933)</u>	<u>(113,882)</u>	<u>(108,717)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,228,730	\$ 1,190,691	\$ 1,129,664	\$ 1,066,311	\$ 1,027,571
13.54%	9.84%	9.82%	10.68%	10.58%

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

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

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 645,411	\$ 609,491	\$ 627,634	\$ 599,112	\$ 620,161
Contributions in relation to the contractually required contribution	<u>(645,411)</u>	<u>(609,491)</u>	<u>(627,634)</u>	<u>(599,112)</u>	<u>(620,161)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,610,079	\$ 4,688,392	\$ 4,827,954	\$ 4,608,554	\$ 4,770,469
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%	13.00%

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 585,407	\$ 588,045	\$ 590,419	\$ 585,216	\$ 564,500
<u>(585,407)</u>	<u>(588,045)</u>	<u>(590,419)</u>	<u>(585,216)</u>	<u>(564,500)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,503,131	\$ 4,523,423	\$ 4,541,685	\$ 4,501,662	\$ 4,342,308
13.00%	13.00%	13.00%	13.00%	13.00%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

SUPPLEMENTARY INFORMATION

**WOODMORE LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(E) PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:			
<i>Child Nutrition Cluster:</i>			
(C)(D) School Breakfast Program	10.553	2015	\$ 10,041
(C)(D) Summer Food Service Program for Children	10.559	2015	7,982
(C)(D) National School Lunch Program	10.555	2015	122,548
(B)(D) National School Lunch Program - Food Donation	10.555	2015	19,912
Total National School Lunch Program			142,460
Total U.S. Department of Agriculture and Child Nutrition Cluster			160,483
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:			
Title I Grants to Local Educational Agencies	84.010	2014	11,911
Title I Grants to Local Educational Agencies	84.010	2015	68,594
Total Title I Grants to Local Educational Agencies			80,505
Special Education_Grants to States	84.027	2014	3,368
Special Education_Grants to States	84.027	2015	109,453
Total Special Education _Grants to States			112,821
Migrant Education_State Grant Program	84.011	2013	450
(F) Migrant Education_State Grant Program	84.011	2014	177,499
(F) Migrant Education_State Grant Program	84.011	2015	155,117
Total Migrant Education State Grant Program			333,066
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2010	60,408
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2011	4,851
Total ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act			65,259
Improving Teacher Quality State Grant	84.367	2014	30
Improving Teacher Quality State Grant	84.367	2015	7,373
Total Improving Teacher Quality State Grants			7,403
Total U.S. Department of Education			599,054
Total Federal Financial Assistance			\$ 759,537

WOODMORE LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- (A) This schedule was prepared on the cash basis of accounting.
- (B) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) Included as part of "Child Nutrition Cluster" in determining major programs.
- (E) OAKS did not assign pass-through numbers for fiscal year 2015.
- (F) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2015, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Migrant Education_State Grant Program	84.365	2014	10,504	
Migrant Education_State Grant Program	84.365	2015		10,504
Totals			<u>\$ 10,504</u>	<u>\$ 10,504</u>



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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required By *Government Auditing Standards***

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodmore Local School District, Sandusky County, Ohio, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Woodmore Local School District's basic financial statements and have issued our report thereon dated December 23, 2015, wherein we noted as discussed in Note 3, the Woodmore Local School District adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. In addition, a prior period restatement was required to properly state equity in pooled cash and investments.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Woodmore Local School District's financial statements. We consider findings 2015-001 and 2015-002 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2015-003 and 2015-004 described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Board of Education
Woodmore Local School District

Compliance and Other Matters

As part of reasonably assuring whether the Woodmore Local School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2015-004 through 2015-009.

Woodmore Local School District's Responses to Findings

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

Purpose of this Report

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



Julian & Grube, Inc.
December 23, 2015



Julian & Grube, Inc.

Serving Ohio Local Governments

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

Independent Auditor's Report on Compliance With Requirements Applicable to each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Woodmore Local School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Woodmore Local School District's major federal programs for the fiscal year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings and questioned costs identifies the Woodmore Local School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Board of Education
Woodmore Local School District

Basis for Qualified Opinion on Migrant Education – State Grant Program and State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act

As described in Findings 2015-010 through 2015-012 in the accompanying schedule of findings and questioned costs, the Woodmore Local School District did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2015-010	84.011	Migrant Education State Grant Program	Allowable Costs/Cost Principles
2015-011	84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	Cash Management
2015-012	84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	Period of Availability

Compliance with these requirements is necessary, in our opinion, for the Woodmore Local School District to comply with the requirements applicable to these programs.

Qualified Opinion on Migrant Education – State Grant Program and State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Migrant Education – State Grant Program and State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act* paragraph, the Woodmore Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Migrant Education – State Grant Program and State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act* Programs for the fiscal year ended June 30, 2015.

Other Matters

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

Board of Education
Woodmore Local School District

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-010 through 2015-012 to be material weaknesses.

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

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



Julian & Grube, Inc.
December 23, 2015

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Qualified – Migrant Education State Grant Program Qualified - State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	Yes
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Migrant Education State Grant Program, CFDA #84.011 and State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act, CFDA #84.394
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2015-001

Material Weakness - Financial Statement Presentation

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

Numerous adjustments were made to the financial statements for the year ended June 30, 2015, to properly state financial statement amounts. Additionally, certain fund balances were restated as of June 30, 2014.

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

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

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

Client's Response: The District employed a new Treasurer during this fiscal year who has implemented new policies and daily operating procedures in the Treasurer's Office. This has helped with accurate financial statement presentation.

Finding Number	2015-002
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Material Weakness - Bank Reconciliations

The District's bank statements should be reconciled on a monthly basis, shortly after month end. Further, these bank reconciliations along with supporting documentation should be submitted to the Board of Education for review and approval at the meeting date following month end.

Accurate reconciliations of the District's bank statements were not performed and completed until several months after fiscal year end. Upon completion of the reconciliation, cash adjustments were required as a result of reconciling accounts in an untimely manner. These adjustments were included in the financial statements and posted on the District's system.

Not providing the Board of Education with timely monthly reconciliations results in the Board of Education relying on misrepresented financial information in which they base their decisions.

We recommend the District Treasurer timely reconcile its bank statements and provide the reconciliation and supporting documentation to the Board of Education. A Board of Education representative should review the bank reconciliations for any unusual items and document their approval by initialing the reconciliation. This may significantly improve the system of checks and balances necessary for strong cash control.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2015-002 - (Continued)

Client's Response: Cash reconciliations were delayed due to the resignation of the previous Treasurer and the process of employing an interim Treasurer.

Finding Number	2015-003
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Significant Deficiency – Payroll Controls

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

The District had multiple payroll errors, both overpayments and underpayments, during the fiscal year. We also noted several underpayments of sick and personal leave payout to retiring employees.

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

We recommend the District implement additional controls over the payroll process. For example, the District could implement additional checks and balances over all data input into the payroll system to help ensure accuracy.

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

Finding Number	2015-004
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Noncompliance/Significant Deficiency – Ohio Revised Code/Athletic Account

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

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

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

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

Client Response: The District employed a new Treasurer during the fiscal year. The new Treasurer has worked to implement internal controls in order to ensure timely deposits in the future.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2015-005

Noncompliance – Ohio Revised Code

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

We examined \$7,064,126 of expenditures, related to the construction of the District’s new elementary/middle school building, which were not certified in a timely manner. This was due to the fact that new purchase orders were made throughout the fiscal year, while the entire contract amount was not certified when the construction contracts were entered into.

Without timely certification, the District may expend more funds than available in the treasury, or in the process of collection, or appropriated. This may also result in unnecessary purchases.

We recommend that all orders or contracts involving the disbursement of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection and or a “Then & Now” certification is approved on the purchase order.

Client Response: The District will attempt to timely certify all expenditures in the future.

Finding Number	2015-006
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Noncompliance – Ohio Revised Code

Ohio Revised Code Section 149.43 requires that all public records be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection. In addition, Ohio Revised Code Section 121.22 requires that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection.

In September 2015, the District settled a lawsuit filed by a local resident due to insufficiently meeting these requirements. Minutes for several meetings within the year ended June 30, 2015 were alleged to be deficient. Furthermore, several subcommittee meetings were held which were not announced to the public. In addition, certain minutes lacked individual board member votes.

By not complying with the applicable laws regarding minutes and public records, the District risks further political and legal liability. In addition, the public could lose confidence in the Board’s ability to govern the District.

We recommend, as noted in the terms of settlement, that the Board of Education receive training from the Ohio School Board Association regarding the Open Meetings Act. We further recommend the Board fully implement policies and procedures which will allow them to comply with all minutes and public records requirements in the future.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2015-006 - (Continued)

Client Response: The Board of Education, Superintendent and Treasurer have gone through training of the Sunshine Laws as well as the open meetings act in order to follow all public records laws in the future. In addition, the Board had designated the Treasurer to attend public records training on behalf of the District in order to ensure compliance with the public records act.

Finding Number	2015-007
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Noncompliance – Ohio Revised Code

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

Expenditures exceeded appropriations in the following funds:

<u>Major Funds</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	\$ 9,602,242	\$ 9,662,394	\$ 60,152
Classroom Facilities	8,303,745	10,023,354	1,719,609

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

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

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

Finding Number	2015-008
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Noncompliance – Ohio Revised Code

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

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

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2015-008 - (Continued)

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

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

Finding Number	2015-009
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Noncompliance – Ohio Administrative Code

Ohio Administrative Code 117-2-02(C)(1) states that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

The District's appropriations as approved in the minutes did not agree to the USAS Accounting System appropriations.

By not correctly including appropriations into the financial software, it could become challenging for the District to easily monitor its budgeted activity in comparison with its actual amounts. The District is also at risk of overspending in excess of available funds, which could possibly result in negative fund balances.

We recommend that approved appropriation modifications as evidenced within the Board of Education minutes be incorporated into the USAS system by the Treasurer in a timely manner. This will aid the Board of Education and Treasurer in their review of disbursements versus appropriations and help ensure appropriations are in place prior to disbursements.

Client Response: The District employed a new Treasurer during the fiscal year. The new Treasurer has implemented procedures to allow for additional oversight with regard to appropriations. In the future, the District will be able to better maintain budgetary resolutions and properly post appropriations into the USAS System.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2015-010
CFDA Title and Number	Migrant Education State Grant Program (CFDA #84.011)
Federal Award Number/Year	2014/2015
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance/Questioned Cost/Material Weakness - Allowable Costs/Cost Principles

Federal and state regulations allow the District to charge a mileage rate reimbursement to the Migrant Education Grant to pay for District transportation services, i.e. bus drivers, mechanics, fuel, maintenance, and repair.

The District charged \$31,158 to the grant via mileage rate reimbursement. However, during our testing, we also noted the District charged the grant direct costs for fuel and payroll for bus drivers. By charging both the mileage reimbursement and actual transportation expenses, the District has charged duplicate charges for the same activities. In addition, \$2,778 of examined disbursements did not appear to have adequate supporting documentation, i.e., invoices. Therefore, we are questioning total costs of \$33,936 in relation to these disbursements.

Also, several of the District’s full time teachers who also work for the migrant program in the summer had certain employee benefits charged to the grant. Because they are full time teachers, the District is responsible for these benefits regardless of whether or not they work for the migrant program. Therefore, these amounts should not be charged to the migrant program. We were not able to determine the total amount of these benefits.

By not complying with federal requirements, the District is at risk of additional oversight by the grantor agency, as well as potential reductions in grant funding and/or repayment of misspent funds. In addition, the District has less money to operate the migrant program.

We recommend the District review OMB Circular A-87 in relation to transportation costs, and contact its Ohio Department of Education (ODE) representative to rectify this issue.

Client Response and Corrective Action Plan: The District will consult with its Ohio Department of Education representative and will reclassify the questioned costs to the General Fund if directed to by the Ohio Department of Education.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS - (Continued)

Finding Number	2015-011
CFDA Title and Number	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (CFDA #84.394)
Federal Award Number/Year	2010/2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance/Material Weakness – Cash Management

34 CFR 80.20(b)(7) requires procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursements by grantees and sub-grantees must be followed whenever advance payment procedures are used.

The District spent \$65,259 of State Fiscal Stabilization Funds (SFSF) grants monies. This amount relates to monies received as a part of the 2010 and 2011 SFSF grants which were not spent until the current fiscal year.

The District is not using effective cash management practices which could result in reduction of grant funding, return of grant funding, and/or payment of imputed interest to the United States Department of Education.

We recommend that the District review Office of Management and Budget Circular A-133 regarding cash management requirements. This will help to ensure compliance with cash management of Federal award programs.

Client Response and Corrective Action Plan: The District received permission to spend the funds from the Ohio Department of Education. There are no remaining funds for this grant, so this problem will not occur in the future.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS - (Continued)

Finding Number	2015-012
CFDA Title and Number	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (CFDA #84.394)
Federal Award Number/Year	2010/2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance/Material Weakness – Period of Availability

2 CFR 215.28 states that when a grant specifies a funding period, recipients may only charge to the grant costs resulting from obligations incurred during and prior to the funded period.

The District spent \$65,259 of State Fiscal Stabilization Funds (SFSF) grants monies. This amount relates to monies received as a part of the 2010 and 2011 SFSF grants which were not spent until the current fiscal year. The period of availability for these grants ended September 30, 2010 and 2011, respectively.

The District is not using effective grant management practices which could result in reduction of grant funding, return of grant funding, and/or payment of imputed interest to the United States Department of Education.

We recommend that the District review Office of Management and Budget Circular A-133 regarding period of availability requirements. This will help to ensure compliance with period of availability requirements of Federal award programs.

Client Response and Corrective Action Plan: The District received permission to spend the funds from the Ohio Department of Education. There are no remaining funds for this grant, so this problem will not occur in the future.

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

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <u>Explain:</u>
2014-001	<u>Material Weakness - Bank Reconciliation</u> - The District did not fully reconcile the investment balances of the bank to the USAS records of the District.	No	Repeated as finding 2015-002
2014-002	<u>Noncompliance/Questioned Cost - Title I - Migrant - Allowable Costs/Cost Principles - 2 C.F.R. Part 225, Appendix A(c)(1)</u> requires that to be allowable under federal awards, costs must be adequately documented. Costs were directly charged to the Title I – Migrant Education Program for bus usage, utilities and supplies totaling \$19,423 for which no supporting documentation could be produced to authenticate the allowability of charges.	No	Repeated as finding 2015-010



Dave Yost • Auditor of State

WOODMORE LOCAL SCHOOL DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 9, 2016**