

WOLF CREEK LOCAL SCHOOL DISTRICT
ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Wolf Creek Local School District
Waterford, Ohio

We have reviewed the independent auditor's report of the Wolf Creek Local School District, Washington County, prepared by Wolfe, Wilson, & Phillips, Inc., for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

November 8, 2000

**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

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**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

**ELECTED OFFICIALS
AS OF JUNE 30, 2000**

Board of Education

<u>Board of Education</u>	<u>Title</u>	<u>Term of Office</u>
Hugh Arnold	President	1/1/00-12/31/03
Neil Huck	Vice President	1/1/00-12/31/03
Brenda Huck	Member	1/24/00-12/31/01
David Semon	Member	1/1/98-12/31/01
James Sampson	Member	1/1/98-12/31/01

Statutory Legal Counsel

**Michael G. Spahr, Prosecuting Attorney
205 Putnam Street
Marietta, OH 45750**

Official Address

**Wolf Creek Local School District
P.O. Box 67
Waterford, Ohio 45786**

**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

**ADMINISTRATIVE PERSONNEL
AS OF JUNE 30, 2000**

Name	Title	Contract Period	Surety	Amount	Period
Karen S. Rohrer	Treasurer	1/1/00-12/31/03	(A)	\$ 20,000	1/15/00 to 1/15/04
Robert Caldwell	Superintendent	10/1/97-7/31/00	N/A	N/A	N/A

(A) The Ohio Casualty Insurance Company

**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund Type:

General Fund

Special Revenue Fund Type:

Public School Support Fund

Athletic Fund

Career Development Fund

Teacher Development Fund

Adult Vocational Education Reimbursement Fund

TOPS Grant Fund

Wellness Grant Fund

Management Information System

Title VI-B Flow-Thru Fund

Textbook Subsidy Fund

Ohio Reads Grant Fund

Safe School Grant Fund

Equity and Excellence Fund

Disadvantaged Educational Consolidation and Impact Act Title I Fund

Innovative Education Strategy Title VI Fund

Drug Free Schools Grant Fund

Title VI-R Reducing Class Size Fund

School Net Professional Development

E-Rate Refunds Fund

Christa McAuliff Grant

School to Work Grant

Kids on Campus Fund

Continous Improvement Grant Fund

Capital Projects Fund Type:

Permanent Improvements Fund

Replacement Fund

School Net Plus

PROPRIETARY FUND TYPES:

Enterprise Fund Type:

Lunchroom Fund

Adult Education Fund

FIDUCIARY FUND TYPES:

Trust Fund Type:

Agency Fund Type:

Student Managed Activity Fund

Unclaimed Monies Fund

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**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

**Board of Education
Wolf Creek Local School District
Waterford, Ohio**

We have audited the accompanying general-purpose financial statements of the Wolf Creek Local School District as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Wolf Creek Local School District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 6, 2000, on our consideration of Wolf Creek Local School District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Wolf Creek Local School District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
October 6, 2000**

Wolf Creek Local School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$1,083,818	\$92,286	\$429,948
Cash and Cash Equivalents in Segregated Accounts	0	32	0
Receivables:			
Taxes	2,908,194	0	363,063
Accounts	289	873	0
Intergovernmental	1,101	0	10,933
Interfund	136	0	0
Materials and Supplies Inventory	2,455	0	0
Inventory Held for Resale	0	0	0
Prepaid Items	4,275	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	79,435	0	0
Advances to Other Funds	0	0	275,000
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
 <u>Other Debits:</u>			
Amount to be Provided from General Government Resources	0	0	0
 Total Assets and Other Debits	 \$4,079,703	 \$93,191	 \$1,078,944

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$59,966	\$17,582	\$0	\$0	\$1,683,600
0	0	0	0	32
0	0	0	0	3,271,257
0	0	0	0	1,162
14,834	0	0	0	26,868
0	0	0	0	136
95	0	0	0	2,550
614	0	0	0	614
0	0	0	0	4,275
0	0	0	0	79,435
0	0	0	0	275,000
29,425	0	4,145,090	0	4,174,515
0	0	0	330,546	330,546
<u>\$104,934</u>	<u>\$17,582</u>	<u>\$4,145,090</u>	<u>\$330,546</u>	<u>\$9,849,990</u>

(continued)

Wolf Creek Local School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups (Continued)
 June 30, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Liabilities, Fund Equity <u>and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$9,059	\$2,128	\$2,150
Accrued Wages Payable	262,255	7,909	0
Compensated Absences Payable	7,872	0	0
Interfund Payable	0	136	0
Intergovernmental Payable	90,990	1,562	0
Deferred Revenue	2,860,056	0	363,063
Due to Students	0	0	0
Advances from Other Funds	0	0	275,000
Tax Refund Payable	0	0	0
	<u>3,230,232</u>	<u>11,735</u>	<u>640,213</u>
Total Liabilities			
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	123,422	6,988	2,981
Reserved for Inventory	2,455	0	0
Reserved for Unclaimed Monies	712	0	0
Reserved for Advances	0	0	275,000
Reserved for Property Taxes	43,138	0	0
Reserved for Bus Purchases	47,177	0	0
Reserved for Textbooks	13,585	0	0
Reserved for Budget Stabilization	18,673	0	0
Unreserved:			
Undesignated	600,309	74,468	160,750
	<u>849,471</u>	<u>81,456</u>	<u>438,731</u>
Total Fund Equity and Other Credits			
Total Liabilities, Fund Equity and Other Credits	<u>\$4,079,703</u>	<u>\$93,191</u>	<u>\$1,078,944</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$4,215	\$0	\$0	\$0	\$17,552
11,314	0	0	0	281,478
3,028	0	0	266,149	277,049
0	0	0	0	136
7,773	0	0	26,745	127,070
599	0	0	0	3,223,718
0	17,582	0	0	17,582
0	0	0	0	275,000
0	0	0	37,652	37,652
<u>26,929</u>	<u>17,582</u>	<u>0</u>	<u>330,546</u>	<u>4,257,237</u>
0	0	4,145,090	0	4,145,090
73,288	0	0	0	73,288
4,717	0	0	0	4,717
0	0	0	0	133,391
0	0	0	0	2,455
0	0	0	0	712
0	0	0	0	275,000
0	0	0	0	43,138
0	0	0	0	47,177
0	0	0	0	13,585
0	0	0	0	18,673
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>835,527</u>
<u>78,005</u>	<u>0</u>	<u>4,145,090</u>	<u>0</u>	<u>5,592,753</u>
<u>\$104,934</u>	<u>\$17,582</u>	<u>\$4,145,090</u>	<u>\$330,546</u>	<u>\$9,849,990</u>

Wolf Creek Local School District, Ohio
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<u>Revenues:</u>				
Taxes	\$2,906,458	\$0	\$175,144	\$3,081,602
Intergovernmental	712,962	214,096	18,672	945,730
Interest	68,245	0	16,765	85,010
Tuition and Fees	6,037	0	0	6,037
Extracurricular Activities	0	71,469	0	71,469
Miscellaneous	14,268	17,484	0	31,752
Total Revenues	3,707,970	303,049	210,581	4,221,600
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	1,907,838	35,939	0	1,943,777
Special	220,498	114,464	0	334,962
Vocational	101,493	6,898	0	108,391
Support Services:				
Pupils	108,422	13,402	0	121,824
Instructional Staff	173,904	39,723	0	213,627
Board of Education	17,823	0	0	17,823
Administration	333,120	3,091	0	336,211
Fiscal	235,945	0	0	235,945
Operation and Maintenance of Plant	325,333	3,586	0	328,919
Pupil Transportation	235,007	502	0	235,509
Central	9,980	0	0	9,980
Non-Instructional Services	0	1,569	0	1,569
Extracurricular Activities	82,410	81,944	0	164,354
Refund of Property Taxes	15,061	0	0	15,061
Capital Outlay	75,949	0	226,496	302,445
Total Expenditures	3,842,783	301,118	226,496	4,370,397
Excess of Revenues Over (Under) Expenditures	(134,813)	1,931	(15,915)	(148,797)
Fund Balances at Beginning of Year	985,496	79,525	454,646	1,519,667
Decrease in Reserve for Inventory	(1,212)	0	0	(1,212)
Fund Balances at End of Year	\$849,471	\$81,456	\$438,731	\$1,369,658

See accompanying notes to the general purpose financial statements

Wolf Creek Local School District, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2000

	<u>General Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Taxes	\$2,854,112	\$2,865,543	\$11,431
Intergovernmental	741,218	741,218	0
Interest	60,000	68,245	8,245
Tuition and Fees	6,037	6,037	0
Extracurricular Activities	0	0	0
Miscellaneous	14,281	14,381	100
Total Revenues	<u>3,675,648</u>	<u>3,695,424</u>	<u>19,776</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,970,928	1,995,494	(24,566)
Special	246,666	254,656	(7,990)
Vocational	120,063	106,033	14,030
Support Services:			
Pupils	109,655	102,835	6,820
Instructional Staff	173,129	167,411	5,718
Board of Education	32,979	28,288	4,691
Administration	335,251	335,170	81
Fiscal	233,913	235,559	(1,646)
Operation and Maintenance of Plant	360,223	332,769	27,454
Pupil Transportation	356,960	346,609	10,351
Central	11,500	9,980	1,520
Non-Instructional Services	0	0	0
Extracurricular Activities	86,222	83,021	3,201
Capital Outlay	84,819	83,219	1,600
Total Expenditures	<u>4,122,308</u>	<u>4,081,044</u>	<u>41,264</u>
Excess of Revenues Over (Under) Expenditures	<u>(446,660)</u>	<u>(385,620)</u>	<u>61,040</u>
<u>Other Financing Sources (Uses):</u>			
Advances In	3,290	3,290	0
Advances Out	0	0	0
Refund of Prior Year Receipts	(15,832)	(15,061)	771
Total Other Financing Sources (Uses)	<u>(12,542)</u>	<u>(11,771)</u>	<u>771</u>
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	<u>(459,202)</u>	<u>(397,391)</u>	<u>61,811</u>
Fund Balances at Beginning of Year	1,302,768	1,302,768	0
Prior Year Encumbrances Appropriated	73,955	73,955	0
Fund Balances at End of Year	<u>\$917,521</u>	<u>\$979,332</u>	<u>\$61,811</u>

(continued)

Wolf Creek Local School District, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types (Continued)
 For the Fiscal Year Ended June 30, 2000

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	214,973	214,096	(877)
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	75,086	70,616	(4,470)
Miscellaneous	16,694	17,484	790
Total Revenues	306,753	302,196	(4,557)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	36,003	35,960	43
Special	130,149	129,335	814
Vocational	6,898	6,898	0
Support Services:			
Pupils	14,272	13,602	670
Instructional Staff	43,054	40,969	2,085
Board of Education	0	0	0
Administration	3,091	3,091	0
Fiscal	0	0	0
Operation and Maintenance of Plant	3,586	3,586	0
Pupil Transportation	502	502	0
Central	0	0	0
Non-Instructional Services	1,569	1,569	0
Extracurricular Activities	94,601	89,472	5,129
Capital Outlay	0	0	0
Total Expenditures	333,725	324,984	8,741
Excess of Revenues Over (Under) Expenditures	(26,972)	(22,788)	4,184
<u>Other Financing Sources (Uses):</u>			
Advances In	0	0	0
Advances Out	(3,290)	(3,290)	0
Refund of Prior Year Receipts	(100)	(100)	0
Total Other Financing Sources (Uses)	(3,390)	(3,390)	0
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(30,362)	(26,178)	4,184
Fund Balances at Beginning of Year	102,370	102,370	0
Prior Year Encumbrances Appropriated	7,338	7,338	0
Fund Balances at End of Year	\$79,346	\$83,530	\$4,184

See accompanying notes to the general purpose financial statements

Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$173,854	\$175,144	\$1,290	\$3,027,966	\$3,040,687	\$12,721
7,739	7,739	0	963,930	963,053	(877)
14,770	16,765	1,995	74,770	85,010	10,240
0	0	0	6,037	6,037	0
0	0	0	75,086	70,616	(4,470)
0	0	0	30,975	31,865	890
<u>196,363</u>	<u>199,648</u>	<u>3,285</u>	<u>4,178,764</u>	<u>4,197,268</u>	<u>18,504</u>
18,185	18,185	0	2,025,116	2,049,639	(24,523)
0	0	0	376,815	383,991	(7,176)
0	0	0	126,961	112,931	14,030
0	0	0	123,927	116,437	7,490
0	0	0	216,183	208,380	7,803
0	0	0	32,979	28,288	4,691
0	0	0	338,342	338,261	81
325	233	92	234,238	235,792	(1,554)
12,265	12,265	0	376,074	348,620	27,454
0	0	0	357,462	347,111	10,351
0	0	0	11,500	9,980	1,520
0	0	0	1,569	1,569	0
0	0	0	180,823	172,493	8,330
<u>271,042</u>	<u>270,837</u>	<u>205</u>	<u>355,861</u>	<u>354,056</u>	<u>1,805</u>
<u>301,817</u>	<u>301,520</u>	<u>297</u>	<u>4,757,850</u>	<u>4,707,548</u>	<u>50,302</u>
<u>(105,454)</u>	<u>(101,872)</u>	<u>3,582</u>	<u>(579,086)</u>	<u>(510,280)</u>	<u>68,806</u>
25,000	25,000	0	28,290	28,290	0
(25,000)	(25,000)	0	(28,290)	(28,290)	0
0	0	0	(15,932)	(15,161)	771
<u>0</u>	<u>0</u>	<u>0</u>	<u>(15,932)</u>	<u>(15,161)</u>	<u>771</u>
(105,454)	(101,872)	3,582	(595,018)	(525,441)	69,577
293,782	293,782	0	1,698,920	1,698,920	0
<u>232,907</u>	<u>232,907</u>	<u>0</u>	<u>314,200</u>	<u>314,200</u>	<u>0</u>
<u>\$421,235</u>	<u>\$424,817</u>	<u>\$3,582</u>	<u>\$1,418,102</u>	<u>\$1,487,679</u>	<u>\$69,577</u>

Wolf Creek Local School District, Ohio
Statement of Revenues,
Expenses and Changes in Fund Equity
Enterprise Fund
For the Fiscal Year Ended June 30, 2000

	Food Service
<u>Operating Revenues:</u>	
Sales	\$83,418
Total Operating Revenues	83,418
<u>Operating Expenses:</u>	
Salaries and Wages	52,078
Fringe Benefits	31,122
Purchased Services	5,226
Materials and Supplies	5,493
Cost of Sales	64,171
Depreciation	25
Total Operating Expenses	158,115
Operating Loss	(74,697)
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	17,499
Interest Income	2,975
Operating Grants	63,577
Total Non-Operating Revenues	84,051
Net Income	9,354
Retained Earnings (Deficit) at Beginning of Year	(4,637)
Retained Earnings at End of Year	4,717
Contributed Capital at Beginning and End of Year	73,288
Total Fund Equity at End of Year	\$78,005

See accompanying notes to the general purpose financial statements

Wolf Creek Local School District, Ohio
Statement of Revenues, Expenses and Changes in
Fund Equity - Budget and Actual (Budget Basis)
Enterprise Fund
For the Fiscal Year Ended June 30, 2000

	Food Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$83,418	\$83,418	\$0
Interest Income	2,696	2,975	279
Operating Grants	63,577	63,577	0
Total Revenues	149,691	149,970	279
<u>Expenses:</u>			
Salaries and Wages	54,995	54,663	332
Fringe Benefits	36,850	34,486	2,364
Purchased Services	5,515	5,276	239
Materials and Supplies	71,962	71,962	0
Total Expenses	169,322	166,387	2,935
Excess of Revenues Under Expenses	(19,631)	(16,417)	3,214
Fund Equity at Beginning of Year	59,061	59,061	0
Prior Year Encumbrances Appropriated	3,817	3,817	0
Fund Equity at End of Year	\$43,247	\$46,461	\$3,214

See accompanying notes to the general purpose financial statements

Wolf Creek Local School District, Ohio
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2000

	Food Service
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$83,418
Cash Payments for Employee Services and Benefits	(89,149)
Cash Payments for Goods and Services	(63,733)
Net Cash Used in Operating Activities	(69,464)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	63,577
Net Cash Provided by Noncapital Financing Activities	63,577
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	2,975
Net Cash Provided by Investing Activities	2,975
Net Decrease in Cash and Cash Equivalents	(2,912)
Cash and Cash Equivalents at Beginning of Year	62,878
Cash and Cash Equivalents at End of Year	\$59,966
<u>Reconciliation of Operating Loss to</u>	
<u>Net Cash Used in Operating Activities:</u>	
Operating Loss	(\$74,697)
<u>Adjustments to Reconcile Operating Loss</u>	
<u>to Net Cash Used in Operating Activities:</u>	
Donated Commodities Used During Year	17,499
Depreciation Expense	25
<u>Changes in Assets and Liabilities:</u>	
Increase in Intergovernmental Receivable	(12,111)
Increase in Inventory Held for Resale	(4)
Decrease in Materials and Supplies Inventory	148
Increase in Accounts Payable	1,553
Increase in Accrued Wages Payable	2,461
Decrease in Compensated Absences Payable	(1,501)
Decrease in Intergovernmental Payables	(2,837)
Net Cash Used in Operating Activities	(\$69,464)

See accompanying notes to the general purpose financial statements

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Wolf Creek Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's two instructional/support facilities staffed by 32 classified employees, 48 certified teaching personnel, and 4 administrators, who provide services to 640 students and other community members.

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

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

The School District is associated with the Southeast Ohio Voluntary Educational Consortium, the Washington County Joint Vocational School, and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 16 and 17.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

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

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

GOVERNMENTAL FUND TYPES:

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

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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

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

PROPRIETARY FUND TYPE:

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

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

FIDUCIARY FUND TYPE:

The fiduciary fund type is used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds are all classified as agency funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS:

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

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

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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B. Measurement Focus and Basis of Accounting

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

The enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The enterprise fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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The accrual basis of accounting is utilized for reporting purposes by the enterprise fund. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Washington County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund and object level of expenditures for the General Fund and at the fund level for all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriations or alter total object level appropriations within the General Fund, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

Encumbrances:

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

Lapsing of Appropriations:

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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D. Cash and Cash Equivalents

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2000 amounted to \$68,245, which includes \$21,074 assigned from other School District funds.

The School District has a segregated bank account for monies held separate from the School District's central bank account. This depository account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since it is not required to be deposited into the School District treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During the fiscal year, the School District had no investments that met these criteria.

E. Restricted Assets

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the enterprise fund are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one hundred dollars. The School District does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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I. Intergovernmental Revenues

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

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

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Title VI-B
- Title I
- Title VI
- Disadvantaged Pupil Impact Aid
- Drug Free Schools
- Career Development
- Teacher Development
- Adult Vocational Education
- School Net Professional Development
- Educational Management Information System
- School to Work
- Training Ohio's Parents for Success
- Continuous Improvement
- Ohio Reads
- Safe School Help
- Kids on Campus
- Reducing Class Size

Capital Projects Funds

- School Net
- School Net Plus

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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Reimbursable Grants

Proprietary Funds

National School Lunch Program

National School Breakfast Program

Government Donated Commodities

Grants and entitlements received in governmental funds amounted to approximately 22 percent of governmental fund revenue during the 2000 fiscal year.

J. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless whether they will be liquidated with current resources. However, claims and judgements, compensated absences, pension obligations, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than sixty days after year end are considered not to have been paid using current available financial resources.

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

M. Interfund Transactions

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

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, unclaimed monies, school bus purchase, advances, property taxes, textbooks, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

O. Estimates

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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P. Contributed Capital

Contributed capital represents resources from other funds provided to the proprietary fund that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end. There was no change in contributed capital during fiscal year 2000.

Q. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY

At June 30, 2000, the School to Work Special Revenue Fund had a deficit fund balance of \$136. The deficit resulted from the recognition of an interfund payable to the General Fund. The Permanent Improvement Capital Projects Fund also had a deficit fund balance of \$87,660.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	(\$134,813)	\$1,931	(\$15,915)
Revenue Accruals	(12,546)	(834)	(10,933)
Advances In	3,290	0	25,000
Adjustment for Segregated Accounts	0	(19)	0
Expenditure Accruals	(69,401)	(15,210)	(69,893)
Advances Out	0	(3,290)	(25,000)
Encumbrances	(183,921)	(8,756)	(5,131)
Budget Basis	(\$397,391)	(\$26,178)	(\$101,872)

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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Net Income/Excess of Revenues Under Expenses
Enterprise Fund

	<u>Food Service</u>
GAAP Basis	\$9,354
Expense Accruals	(12,291)
Depreciation Expense	25
Encumbrances	<u>(13,505)</u>
Budget Basis	<u><u>(\$16,417)</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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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. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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

Cash on Hand: At year end, the School District had \$25 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents."

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$1,763,067 and the bank balance was \$1,848,152. Of the bank balance, \$200,032 was covered by federal depository insurance and \$1,648,120 was collateralized with securities held by the pledging financial institution's trust department in the School District's name.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District had no investments outstanding at year end.

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>
GASB Statement 9	\$1,763,067
Cash on Hand	<u>(25)</u>
GASB Statement 3	<u>\$1,763,042</u>

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property, and tangible personal (used in business) property located in the School District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years.

Real and public utility property taxes are payable annually and semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is due December 31, with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established. Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the rates determined in the preceding year.

Tangible personal property used in business (except public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility taxes are payable on the same dates as real property taxes described previously.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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

The assessed values upon which fiscal year 2000 taxes were collected in Washington County are:

	<u>1999 Second- Half Collections</u>		<u>2000 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$35,586,210	35%	\$36,000,140	35%
Public Utility	57,928,590	58%	59,093,000	57%
Tangible Personal Property	<u>6,964,830</u>	<u>7%</u>	<u>8,038,750</u>	<u>8%</u>
Total Assessed Value	<u>\$100,479,630</u>	<u>100%</u>	<u>\$103,131,890</u>	<u>100%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$33.70		\$33.70	

The School District receives property taxes from Washington County. The Washington County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$43,138 and is recognized as revenue in the General Fund. The amount available as an advance at June 30, 1999, was \$7,223.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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NOTE 7 - RECEIVABLES

Receivables at June 30, 2000, consisted of taxes, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes.

A summary of the principal items of Intergovernmental Receivables follows:

	<u>Amounts</u>
General Fund:	
Reimbursement for Services	\$1,101
School Net Capital Projects Fund:	10,933
Lunchroom Enterprise Fund:	
Reimbursement for Services	14,834
Total All Funds	\$26,868

NOTE 8 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$73,720
Less: Accumulated depreciation	(44,295)
Net Fixed Assets	\$29,425

A summary of the changes in general fixed assets during fiscal year 2000 follows:

	Balance at 06/30/99	Additions	Reductions	Balance at 06/30/00
Land	\$21,064	\$0	\$0	\$21,064
Buildings	1,937,371	386,167	0	2,323,538
Improvements other than Buildings	25,401	0	0	25,401
Furniture, Fixtures and Equipment	1,079,252	47,519	0	1,126,771
Vehicles	648,316	0	0	648,316
Total	\$3,711,404	\$433,686	\$0	\$4,145,090

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance Company for property insurance and boiler and machinery coverage. The policies include a \$500 deductible.

Professional and general liability is protected by the Nationwide Insurance Company with a \$2,000,000 single occurrence limit and no deductible. Vehicles are also covered by the Nationwide Insurance Company and has no deductible for comprehensive and a \$100 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

B. Workers' Compensation

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$122,823, \$85,555 and \$170,938, respectively; 81.5 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$22,724 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

B. School Employees Retirement System

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 7.7 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$25,473, \$49,743 and \$45,227, respectively; 40.55 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$15,145 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

NOTE 11 - POST-EMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$163,765 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 6.30 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$49,014.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work 260 days per year, earn vacation days at varying rates per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 215 days. Upon retirement, employees receive payment for one-fourth of their accumulated sick days to a maximum as follows: 30 days for having ten years of service; 35 days for 11 to 15 years of service; and 40 days for 20 or more years of service.

B. Health Care Benefits

The School District provides medical, health, and prescription card coverage through Medical Mutual of Ohio. The School District pays ninety percent of the monthly premiums amounting to \$488.99 for family coverage and up to \$193.10 for individual coverage.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Company, in the amount of \$25,000. Dental coverage is provided through Phoenix Insurance Company. Premiums for this coverage are \$52.18 monthly for family and \$18.99 for single coverage.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	<u>Outstanding</u> <u>06/30/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>06/30/00</u>
General Long-Term Obligations:				
Compensated Absences	\$270,350	\$60,647	\$64,848	\$266,149
Tax Refund	52,713	0	15,061	37,652
Long-Term Pension Liability	<u>30,328</u>	<u>26,745</u>	<u>30,328</u>	<u>26,745</u>
Total Long-Term Obligations	<u>\$353,391</u>	<u>\$87,392</u>	<u>\$110,237</u>	<u>\$330,546</u>

Compensated absences and long-term pension obligations will be paid from the fund which the employee's salaries are paid.

Based on the March 26, 1997 decision by the Ohio State Supreme Court, the School District is required to refund to Texas Eastern Transmission Corporation public utility property taxes collected for the 1991 through 1996 tax years. No interest will be charged on the liability for the 1992 through 1996 tax years.

The School District's overall legal debt margin was \$9,281,870, with an unvoted debt margin of \$103,132 at June 30, 2000. Requirements to retire the Tax Refund obligation at June 30, 2000, are as follows:

Fiscal Year <u>Ending June 30,</u>	
2001	\$15,061
2002	15,061
2003	<u>7,530</u>
Total	<u>\$37,652</u>

NOTE 14 - INTERFUND TRANSACTIONS

As of June 30, 2000, the School to Work Special Revenue Fund owed the General Fund \$136 as an interfund payable. Also at year end, the Permanent Improvement Capital Projects Fund owed \$275,000 as a long-term advance to the Replacement Capital Projects Fund.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 15 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

The following cash basis information describes the change in the year end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Budget Stabilization Reserve</u>	<u>Capital Improvements Reserve</u>	<u>Textbooks/ Instructional Materials Reserve</u>	<u>Total</u>
Set-aside Cash Balance as of June 30, 1999	\$18,673	\$0	\$0	\$18,673
Current Year Set-Aside Requirement	0	92,168	92,168	184,336
Current Year Offsets	0	(212,699)	0	(212,699)
Qualifying Disbursements	<u>0</u>	<u>(0)</u>	<u>(78,583)</u>	<u>(78,583)</u>
Total	<u>\$18,673</u>	<u>(\$120,531)</u>	<u>\$13,585</u>	<u>(\$88,273)</u>
Cash Balance Carried Forward to Fiscal Year 2001	<u>\$18,673</u>	<u>\$0</u>	<u>\$13,585</u>	\$32,258
Amount Restricted for Bus Purchases				<u>47,177</u>
Total Restricted Assets				<u>\$79,435</u>

Although the School District had offsets during the year that reduced the capital improvement set-aside amount below zero, this extra amount may not be used to reduce the set-aside requirement of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Southeast Ohio Voluntary Educational Consortium (SEOVEC) - SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. To obtain financial information write to the Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

Washington County Joint Vocational School - The Washington County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school districts' elected boards and one representative from the Washington County Educational Service Center's board. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Washington County Joint Vocational School, Mary Bee, Treasurer, at Route 2, Marietta, Ohio 45750.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists of one superintendent from each County elected by the school districts within that County. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition.

NOTE 17 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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NOTE 18 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$615,981 of school foundation support for its General Fund.

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

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

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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NOTE 19 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

Wolf Creek Local School District is currently not party to litigation proceedings seeking damages or injunctive relief.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Education
Wolf Creek Local School District
Waterford, Ohio**

We have audited the general-purpose financial statements of Wolf Creek Local School District as of and for the year ended June 30, 2000, and have issued our report thereon dated October 6, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wolf Creek Local School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Wolf Creek Local School District in a separate letter dated October 6, 2000.

Internal Control Over Financial Reporting

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

This report is intended for the information of the Board of Education, Management, Auditor of State, federal award agencies, and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

**Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
October 6, 2000**

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH *OMB CIRCULAR A-133***

**Board of Education
Wolf Creek Local School District
Waterford, Ohio**

Compliance

We have audited the compliance of Wolf Creek Local District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. Wolf Creek Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Wolf Creek Local School District management. Our responsibility is to express an opinion on Wolf Creek Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wolf Creek Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wolf Creek Local School District's compliance with those requirements.

In our opinion, the Wolf Creek Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

The management of Wolf Creek Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Wolf Creek Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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This report is intended for the information of the Board of Education, Management, the Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
October 6, 2000**

**WOLF CREEK LOCAL SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE:						
Pass through Ohio Department of Education						
Nutrition Cluster						
National School Breakfast Program	n/a	10.553	\$10,639	-	10,639	-
National School Lunch	n/a	10.555	65,911	-	66,800	-
Total Nutrition Cluster			<u>76,550</u>	-	<u>77,439</u>	-
Food Distribution Program	n/a	10.550	-	17,855	-	17,499
Total U.S. Department of Agriculture			76,550	17,855	77,439	17,499
U.S. DEPARTMENT OF EDUCATION:						
Pass through Ohio Department of Education						
Title I Disadvantaged Children	051518C1S12000 051518C1S11999	84.010	70,653 7,500	- -	47,856 27,226	- -
			<u>78,153</u>	-	<u>75,082</u>	-
Title VI-B Special Education Assistance	0505186BSF00P 0505186BSF99P	84.027	31,655 -	- -	28,866 14,706	- -
			<u>31,655</u>	-	<u>43,572</u>	-
Drug Free Schools	051518DRS12000 051518DRS11999	84.186	2,808 2,532	- -	1,260 2,814	- -
			<u>5,340</u>	-	<u>4,074</u>	-
Christa McAuliffe	050518CJS11999	84.215	-	-	4,577	-
			-	-	<u>4,577</u>	-
Title VI Innovative Education Strategies	051518C2S12000 051518C2S11999	84.298	2,738 447	- -	1,294 402	- -
			<u>3,185</u>	-	<u>1,696</u>	-
Title VI-R Reducing Class Size	051518CRS12000	84.340	17,218	-	17,218	-
			<u>17,218</u>	-	<u>17,218</u>	-
Continuous Improvement Program	n/a	84.276	-	-	4,653	-
			-	-	<u>4,653</u>	-
Total U.S. Department of Education			135,551	-	150,872	-
U.S. DEPARTMENT OF LABOR						
Pass through Ohio Department of Labor						
School to Work	051518WKOE00 051518WKOE99	17.249	6,000 3,052	- -	6,000 2,929	- -
			<u>9,052</u>	-	<u>8,929</u>	-
Total U.S. Department of Labor			9,052	-	8,929	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Pass through Ohio Department of Human Services						
Temporary Assistance for Needy Families	n/a	93.558	49,700	-	49,700	-
Total U.S. Department of Health and Human Services			49,700	-	49,700	-
Total Federal Awards Expenditures			<u>\$ 270,853</u>	<u>\$ 17,855</u>	<u>\$ 286,940</u>	<u>\$ 17,499</u>

See notes to Schedule of Federal Awards Expenditures.

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTES A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTES B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505**

1. Summary of Auditor's Results

(d)(1)(I)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	NO
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section. 510?	NO
(d)(1)(vii)	Major Programs:	Nutrition Cluster; CFDA #10.553 10.555 Title 1; CFDA#84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs:	Type A: > \$300,000; Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

NONE

3. Findings and Questioned Costs for Federal Awards

NONE



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WOLF CREEK LOCAL SCHOOL DISTRICT

WASHINGTON 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
NOVEMBER 28, 2000**