

WOLF CREEK LOCAL SCHOOL DISTRICT
ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Wolf Creek Local School District
P.O. Box 67
Waterford, Ohio 45786

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, 2000 through June 30, 2001. 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

December 7, 2001

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**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

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**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

**ELECTED OFFICIALS
AS OF JUNE 30, 2001**

<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, 2001**

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	8/1/00-7/31/04	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

Local Professional Development Fund

Management Information System

Network Connectivity Subsidy Fund

Schoolnet Professional Development Fund

Textbook Subsidy Fund

Ohio Reads Grant Fund

ELO Fund

Safe School Grant Fund

Eisenhower Professional Development Fund

Title VI-B Special Education 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

E-Rate Refunds Fund

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

**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, 2001, 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 auditing standards generally accepted in the United States of America 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, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 21, 2001, 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.

**Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 21, 2001**

Wolf Creek Local School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$941,658	\$161,794	\$788,605
Receivables:			
Taxes	2,953,408	0	324,704
Accounts	5,809	586	0
Intergovernmental	51,964	2,654	7,679
Interfund	2,463	0	0
Materials and Supplies Inventory	3,109	0	0
Inventory Held for Resale	0	0	0
Prepaid Items	5,515	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	38,616	0	0
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	\$4,002,542	\$165,034	\$1,120,988

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$68,711	\$18,044	\$0	\$0	\$1,978,812
0	0	0	0	3,278,112
0	0	0	0	6,395
14,988	0	0	0	77,285
0	0	0	0	2,463
104	0	0	0	3,213
2,212	0	0	0	2,212
0	0	0	0	5,515
0	0	0	0	38,616
29,400	0	4,449,077	0	4,478,477
0	0	0	394,569	394,569
<u>\$115,415</u>	<u>\$18,044</u>	<u>\$4,449,077</u>	<u>\$394,569</u>	<u>\$10,265,669</u>

(continued)

Wolf Creek Local School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups (Continued)
 June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Liabilities, Fund Equity <u>and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$28,667	\$840	\$800
Contracts Payable	0	0	106,472
Retainage Payable	0	0	5,443
Accrued Wages Payable	284,106	7,967	0
Compensated Absences Payable	6,740	0	0
Interfund Payable	0	2,463	0
Intergovernmental Payable	70,420	1,392	0
Deferred Revenue	2,887,218	0	317,350
Due to Students	0	0	0
Tax Refund Payable	0	0	0
	3,277,151	12,662	430,065
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved	0	0	0
Fund Balance:			
Reserved for Encumbrances	128,078	10,631	88,327
Reserved for Inventory	3,109	0	0
Reserved for Unclaimed Monies	712	0	0
Reserved for Property Taxes	66,190	0	7,354
Reserved for Bus Purchases	15,670	0	0
Reserved for Textbooks	4,273	0	0
Reserved for Budget Stabilization	18,673	0	0
Unreserved:			
Undesignated	488,686	141,741	595,242
	725,391	152,372	690,923
Total Liabilities, Fund Equity and Other Credits	\$4,002,542	\$165,034	\$1,120,988

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			
\$8,529	\$0	\$0	\$0	\$38,836
0	0	0	0	106,472
0	0	0	0	5,443
9,161	0	0	0	301,234
3,211	0	0	345,082	355,033
0	0	0	0	2,463
7,760	0	0	26,896	106,468
2,180	0	0	0	3,206,748
0	18,044	0	0	18,044
0	0	0	22,591	22,591
<u>30,841</u>	<u>18,044</u>	<u>0</u>	<u>394,569</u>	<u>4,163,332</u>
0	0	4,449,077	0	4,449,077
73,288	0	0	0	73,288
11,286	0	0	0	11,286
0	0	0	0	227,036
0	0	0	0	3,109
0	0	0	0	712
0	0	0	0	73,544
0	0	0	0	15,670
0	0	0	0	4,273
0	0	0	0	18,673
0	0	0	0	1,225,669
<u>84,574</u>	<u>0</u>	<u>4,449,077</u>	<u>0</u>	<u>6,102,337</u>
<u>\$115,415</u>	<u>\$18,044</u>	<u>\$4,449,077</u>	<u>\$394,569</u>	<u>\$10,265,669</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, 2001

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<u>Revenues:</u>				
Taxes	\$2,920,008	\$0	\$366,079	\$3,286,087
Intergovernmental	894,778	304,114	44,543	1,243,435
Interest	73,069	112	33,719	106,900
Tuition and Fees	2,191	0	0	2,191
Extracurricular Activities	0	58,777	0	58,777
Miscellaneous	59,690	17,615	0	77,305
Total Revenues	<u>3,949,736</u>	<u>380,618</u>	<u>444,341</u>	<u>4,774,695</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,061,439	48,589	0	2,110,028
Special	259,011	108,600	0	367,611
Vocational	98,088	0	0	98,088
Support Services:				
Pupils	139,547	8,490	0	148,037
Instructional Staff	197,871	55,994	0	253,865
Board of Education	23,396	0	0	23,396
Administration	342,375	0	0	342,375
Fiscal	205,678	0	0	205,678
Operation and Maintenance of Plant	326,275	382	0	326,657
Pupil Transportation	297,968	700	0	298,668
Central	21,015	0	0	21,015
Non-Instructional Services	0	3,120	0	3,120
Extracurricular Activities	79,698	83,827	0	163,525
Refund of Property Taxes	15,061	0	0	15,061
Capital Outlay	7,048	0	181,216	188,264
Total Expenditures	<u>4,074,470</u>	<u>309,702</u>	<u>181,216</u>	<u>4,565,388</u>
Excess of Revenues Over (Under) Expenditures	<u>(124,734)</u>	<u>70,916</u>	<u>263,125</u>	<u>209,307</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	0	0	18,334	18,334
Operating Transfers Out	0	0	(18,334)	(18,334)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(124,734)</u>	<u>70,916</u>	<u>263,125</u>	<u>209,307</u>
Fund Balances at Beginning of Year - Restated Note 3	849,471	81,456	427,798	1,358,725
Increase in Reserve for Inventory	654	0	0	654
Fund Balances at End of Year	<u>\$725,391</u>	<u>\$152,372</u>	<u>\$690,923</u>	<u>\$1,568,686</u>

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, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$2,899,597	\$2,901,956	\$2,359
Intergovernmental	555,590	845,554	289,964
Interest	71,972	72,750	778
Tuition and Fees	2,191	2,191	0
Extracurricular Activities	0	0	0
Miscellaneous	59,688	59,690	2
Total Revenues	3,589,038	3,882,141	293,103
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,977,919	2,087,196	(109,277)
Special	312,296	308,483	3,813
Vocational	106,208	99,763	6,445
Support Services:			
Pupils	145,665	153,316	(7,651)
Instructional Staff	177,291	197,798	(20,507)
Board of Education	38,942	38,858	84
Administration	343,789	342,703	1,086
Fiscal	216,203	208,127	8,076
Operation and Maintenance of Plant	357,427	349,402	8,025
Pupil Transportation	338,751	310,581	28,170
Central	13,000	12,873	127
Non-Instructional Services	0	0	0
Extracurricular Activities	93,525	79,146	14,379
Capital Outlay	12,040	10,028	2,012
Total Expenditures	4,133,056	4,198,274	(65,218)
Excess of Revenues Over (Under) Expenditures	(544,018)	(316,133)	227,885
<u>Other Financing Sources (Uses):</u>			
Advances In	0	0	0
Advances Out	(2,327)	(2,327)	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Refund of Prior Year Receipts	(15,061)	(15,061)	0
Total Other Financing Sources (Uses)	(17,388)	(17,388)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(561,406)	(333,521)	227,885
Fund Balances at Beginning of Year	979,332	979,332	0
Prior Year Encumbrances Appropriated	183,921	183,921	0
Fund Balances at End of Year	\$601,847	\$829,732	\$227,885

(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, 2001

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	301,440	301,460	20
Interest	112	112	0
Tuition and Fees	0	0	0
Extracurricular Activities	59,654	59,682	28
Miscellaneous	16,992	17,029	37
	<u>378,198</u>	<u>378,283</u>	<u>85</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	49,341	49,314	27
Special	113,170	113,170	0
Vocational	0	0	0
Support Services:			
Pupils	9,752	9,752	0
Instructional Staff	57,775	57,775	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	382	382	0
Pupil Transportation	700	700	0
Central	0	0	0
Non-Instructional Services	3,192	3,192	0
Extracurricular Activities	85,672	85,086	586
Capital Outlay	0	0	0
	<u>319,984</u>	<u>319,371</u>	<u>613</u>
Total Expenditures			
	<u>319,984</u>	<u>319,371</u>	<u>613</u>
Excess of Revenues Over (Under) Expenditures	<u>58,214</u>	<u>58,912</u>	<u>698</u>
<u>Other Financing Sources (Uses):</u>			
Advances In	2,327	2,327	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Refund of Prior Year Receipts	(2,901)	(2,901)	0
	<u>(574)</u>	<u>(574)</u>	<u>0</u>
Total Other Financing Sources (Uses)			
	<u>(574)</u>	<u>(574)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>57,640</u>	<u>58,338</u>	<u>698</u>
Fund Balances at Beginning of Year	83,530	83,530	0
Prior Year Encumbrances Appropriated	8,756	8,756	0
Fund Balances at End of Year	<u>\$149,926</u>	<u>\$150,624</u>	<u>\$698</u>

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)
\$358,725	\$358,725	\$0	\$3,258,322	\$3,260,681	\$2,359
36,864	36,864	0	893,894	1,183,878	289,984
33,344	33,719	375	105,428	106,581	1,153
0	0	0	2,191	2,191	0
0	0	0	59,654	59,682	28
0	0	0	76,680	76,719	39
<u>428,933</u>	<u>429,308</u>	<u>375</u>	<u>4,396,169</u>	<u>4,689,732</u>	<u>293,563</u>
23,269	23,269	0	2,050,529	2,159,779	(109,250)
0	0	0	425,466	421,653	3,813
0	0	0	106,208	99,763	6,445
0	0	0	155,417	163,068	(7,651)
0	0	0	235,066	255,573	(20,507)
0	0	0	38,942	38,858	84
0	0	0	343,789	342,703	1,086
6,752	6,752	0	222,955	214,879	8,076
0	0	0	357,809	349,784	8,025
0	0	0	339,451	311,281	28,170
0	0	0	13,000	12,873	127
0	0	0	3,192	3,192	0
0	0	0	179,197	164,232	14,965
<u>241,683</u>	<u>241,672</u>	<u>11</u>	<u>253,723</u>	<u>251,700</u>	<u>2,023</u>
<u>271,704</u>	<u>271,693</u>	<u>11</u>	<u>4,724,744</u>	<u>4,789,338</u>	<u>(64,594)</u>
<u>157,229</u>	<u>157,615</u>	<u>386</u>	<u>(328,575)</u>	<u>(99,606)</u>	<u>228,969</u>
275,000	275,000	0	277,327	277,327	0
(275,000)	(275,000)	0	(277,327)	(277,327)	0
18,334	18,334	0	18,334	18,334	0
(18,334)	(18,334)	0	(18,334)	(18,334)	0
0	0	0	(17,962)	(17,962)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(17,962)</u>	<u>(17,962)</u>	<u>0</u>
157,229	157,615	386	(346,537)	(117,568)	228,969
424,817	424,817	0	1,487,679	1,487,679	0
5,131	5,131	0	197,808	197,808	0
<u>\$587,177</u>	<u>\$587,563</u>	<u>\$386</u>	<u>\$1,338,950</u>	<u>\$1,567,919</u>	<u>\$228,969</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, 2001

	Food Service
<u>Operating Revenues:</u>	
Sales	\$87,946
Total Operating Revenues	87,946
<u>Operating Expenses:</u>	
Salaries and Wages	55,012
Fringe Benefits	35,886
Purchased Services	8,117
Materials and Supplies	3,614
Cost of Sales	71,491
Depreciation	25
Total Operating Expenses	174,145
Operating Loss	(86,199)
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	23,086
Interest Income	3,161
Operating Grants	66,521
Total Non-Operating Revenues	92,768
Net Income	6,569
Retained Earnings at Beginning of Year	4,717
Retained Earnings at End of Year	11,286
Contributed Capital at Beginning and End of Year	73,288
Total Fund Equity at End of Year	\$84,574

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, 2001

	Food Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$87,946	\$87,946	\$0
Interest Income	2,951	3,161	210
Operating Grants	66,521	66,521	0
Total Revenues	157,418	157,628	210
<u>Expenses:</u>			
Salaries and Wages	70,037	57,320	12,717
Fringe Benefits	39,639	35,949	3,690
Purchased Services	12,304	8,660	3,644
Materials and Supplies	80,823	66,684	14,139
Capital Outlay	612	0	612
Total Expenses	203,415	168,613	34,802
Excess of Revenues Under Expenses	(45,997)	(10,985)	35,012
Fund Equity at Beginning of Year	46,461	46,461	0
Prior Year Encumbrances Appropriated	13,505	13,505	0
Fund Equity at End of Year	\$13,969	\$48,981	\$35,012

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, 2001

	Food Service
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$87,946
Cash Payments for Employee Services and Benefits	(93,269)
Cash Payments for Goods and Services	(55,614)
Net Cash Used in Operating Activities	(60,937)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	66,521
Net Cash Provided by Noncapital Financing Activities	66,521
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	3,161
Net Cash Provided by Investing Activities	3,161
Net Increase in Cash and Cash Equivalents	8,745
Cash and Cash Equivalents at Beginning of Year	59,966
Cash and Cash Equivalents at End of Year	\$68,711
<u>Reconciliation of Operating Loss to</u>	
<u>Net Cash Used in Operating Activities:</u>	
Operating Loss	(\$86,199)
<u>Adjustments to Reconcile Operating Loss</u>	
<u>to Net Cash Used in Operating Activities:</u>	
Donated Commodities Used During Year	23,086
Depreciation Expense	25
<u>Changes in Assets and Liabilities:</u>	
Increase in Intergovernmental Receivable	(154)
Increase in Inventory Held for Resale	(17)
Increase in Materials and Supplies Inventory	(9)
Increase in Accounts Payable	4,314
Decrease in Accrued Wages Payable	(2,153)
Increase in Compensated Absences Payable	183
Decrease in Intergovernmental Payables	(13)
Net Cash Used in Operating Activities	(\$60,937)

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, 2001

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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, 49 certified teaching personnel, and 4 administrators, who provide services to 675 students and other community members.

The reporting entity is composed 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 participates in 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 17 and 18.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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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 fund 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 the proprietary fund) 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, 2001

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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 the proprietary fund).

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 fund is classified as an agency fund. This fund is custodial in nature (assets equal liabilities) and does 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, 2001

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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 this fund is 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 (i.e., revenues) and decreases (i.e., 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. The full accrual basis of accounting is followed for the enterprise fund.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees, and rentals.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. 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.

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

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.

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.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate may be further amended during the fiscal 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 2001.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level 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. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The Board has delegated to the Treasurer the authority to allocate appropriations to the function and object levels. During the fiscal 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 fiscal year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

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

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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Lapsing of Appropriations:

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

D. Cash and 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 2001 amounted to \$73,069, which includes \$10,783 assigned from other School District funds.

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 not purchase from the pool are reported as investments.

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 purchase of textbooks and other instructional material and the creation of a reserve for budget stabilization. See Note 16 for additional information regarding set-asides.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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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 expendable supplies held for consumption and are expended when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the fiscal 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.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables/payables".

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. 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.

K. 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 fund.

L. 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.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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M. 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, bus purchases, 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 unclaimed monies represents cash that, under Ohio law, must remain unclaimed for five years before it becomes available for appropriation. The reserve for budget stabilization represents workers' compensation refund money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

N. 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.

O. 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 2001.

P. 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.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions" and GASB Statement No. 36, "Reporting for Certain Shared Non-exchange Revenues." The implementation of GASB Statements 33 and 36 had the following effect on fund balance at June 30, 2000:

	<u>Capital Projects</u>
Fund Balance at June 30, 2000	\$438,731
Implementation of GASB 33	<u>(10,933)</u>
Adjusted Fund Balance at June 30, 2000	<u>\$427,798</u>

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).
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.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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	(\$124,734)	\$70,916	\$263,125
Revenue Accruals	(67,276)	(2,335)	(15,033)
Advances In	0	2,327	275,000
Adjustment for Unreported Items	(319)	0	0
Expenditure Accruals	12,598	(1,400)	110,565
Prepaid Items	(1,240)	0	0
Advances Out	(2,327)	0	(275,000)
Encumbrances	(150,223)	(11,170)	(201,042)
Budget Basis	(\$333,521)	\$58,338	\$157,615

Net Income/Excess of Revenues Under Expenses
Enterprise Fund

GAAP Basis	Food Service \$6,569
Expense Accruals	2,151
Depreciation Expense	25
Encumbrances	(19,730)
Budget Basis	(\$10,985)

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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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.

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;

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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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.

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 fiscal 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."

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$2,017,403 and the bank balance was \$2,173,516. Of the bank balance, \$200,060 was covered by federal depository insurance and \$1,973,456 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 fiscal 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 fiscal 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."

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	\$2,017,428
Cash on Hand	<u>(25)</u>
GASB Statement 3	<u><u>\$2,017,403</u></u>

NOTE 6 - PROPERTY TAXES

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 year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2001 taxes.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Real property taxes are levied after April 1, 2001, on the assessed value listed as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which fiscal year 2001 taxes were collected in Washington County are:

	<u>2000 Second- Half Collections</u>		<u>2001 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$36,000,140	35%	\$36,034,410	35%
Public Utility	59,093,000	57%	59,498,560	57%
Tangible Personal Property	<u>8,038,750</u>	<u>8%</u>	<u>8,266,340</u>	<u>8%</u>
Total Assessed Value	<u>\$103,131,890</u>	<u>100%</u>	<u>\$103,799,310</u>	<u>100%</u>

Tax Rate per \$1,000 of Assessed Valuation	\$35.50	\$35.50
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Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Washington County. The 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, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2001, was \$73,544. \$66,190 was available to the General Fund and \$7,354 was available to the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2000, was \$48,138 to the General Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts, interfund, 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:	
Homestead and Rollback	\$49,224
Reimbursement for Services	<u>2,740</u>
Total General Fund	<u>51,964</u>
Eisenhower Grant Special Revenue Fund	<u>2,654</u>
Permanent Improvement Capital Projects Fund:	
Homestead and Rollback	<u>7,679</u>
Food Service Enterprise Fund:	
Reimbursement for Services	<u>14,988</u>
Total All Funds	<u><u>\$77,285</u></u>

NOTE 8 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$73,720
Less: Accumulated depreciation	<u>(44,320)</u>
Net Fixed Assets	<u><u>\$29,400</u></u>

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Balance at 06/30/00	Additions	Reductions	Balance at 06/30/01
Land	\$21,064	\$0	\$0	\$21,064
Buildings	2,323,538	27,720	0	2,351,258
Improvements other than Buildings	25,401	5,383	0	30,784
Furniture, Fixtures and Equipment	1,126,771	177,037	8,703	1,295,105
Vehicles	648,316	102,550	0	750,866
Total	<u>\$4,145,090</u>	<u>\$312,690</u>	<u>\$8,703</u>	<u>\$4,449,077</u>

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 2001, the School District contracted with Nationwide Insurance Company for property insurance and boiler and machinery coverage. The policies include a \$500 deductible building and contents and a \$1,000 deductible for boiler and machinery.

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 \$2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last fiscal year.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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B. Workers' Compensation

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic 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 43215-3771.

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. 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, 2001, 2000, and 1999, were \$110,147, \$122,823, and \$85,555, respectively; 83.09 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$18,626 represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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B. School Employees Retirement System

The School District contributes to the School Employees Retirement System (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 State statute per 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 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute 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 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the 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, 2001, 2000, and 1999, were \$20,381, \$25,473, and \$49,743 respectively; 44.4 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$11,323 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

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-certificated 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 funded on a pay-as-you-go basis.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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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 cost 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, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$146,863 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 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 the premium.

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, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. 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 2001, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$54,683.

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 annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants receiving health care benefits.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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 15 to 19 years of service with this School District; 40 days for 20 to 24 years of service with this School District; and 45 days for more than 24 years of service with this School District.

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 total monthly premiums of \$620.57 for family coverage and \$245.33 for single 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. The School District pays ninety percent of the total monthly premiums of \$56.54 for family coverage and \$20.88 for single coverage.

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	<u>Outstanding</u> <u>06/30/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>06/30/01</u>
General Long-Term Obligations:				
Compensated Absences	\$266,149	\$209,799	\$130,866	\$345,082
Tax Refund	37,652	0	15,061	22,591
Long-Term Pension Liability	<u>26,745</u>	<u>26,896</u>	<u>26,745</u>	<u>26,896</u>
Total Long-Term Obligations	<u>\$330,546</u>	<u>\$236,695</u>	<u>\$172,672</u>	<u>\$394,569</u>

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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 \$9,341,938, with an unvoted debt margin of \$103,799 at June 30, 2001. Requirements to retire the Tax Refund obligation at June 30, 2001, are as follows:

Fiscal Year <u>Ending June 30,</u>	
2002	\$15,061
2003	<u>7,530</u>
Total	<u><u>\$22,591</u></u>

NOTE 14 - CONTRACTUAL COMMITMENTS

As of June 30, 2001, the School District had contractual commitments for school building roof repairs in the amount of \$198,328. At fiscal year end, the School District had paid \$119,493 on the project and the remaining balance on the contracts is \$78,835.

NOTE 15 - INTERFUND TRANSACTIONS

As of June 30, 2001, the School to Work and Eisenhower Special Revenue Funds owed the General Fund \$136 and \$2,327, respectively, as an interfund payable.

NOTE 16 - SET-ASIDE CALCULATIONS

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. Effective April 10, 2001, Senate Bill 345 eliminated the Statutory requirement for a budget reserve. However, a School District may, by board resolution, establish a budget reserve not to exceed 5% of the General Fund revenue for the preceding fiscal year. Expenditure of the budget reserve is at the discretion of the board of education.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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>
Set-aside Reserve Balance as of June 30, 2000	\$18,673	\$0	\$13,585
Current Fiscal Year Set-Aside Requirement	0	94,867	94,867
Current Fiscal Year Offsets	0	(374,804)	0
Qualifying Disbursements	<u>0</u>	<u>0</u>	<u>(104,179)</u>
Total	<u>\$18,673</u>	<u>(\$279,937)</u>	<u>\$4,273</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$18,673</u>	<u>\$0</u>	<u>\$4,273</u>
Set-aside Reserve Balance as of June 30, 2001	<u>\$18,673</u>	<u>\$0</u>	<u>\$4,273</u>

The School District had offsets during the fiscal year that reduced the capital improvement set-aside amount below zero. This extra amount may not be used to reduce the set-aside requirement in future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$22,946.

NOTE 17 - 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.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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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 18 - 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.

NOTE 19 - STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Wolf Creek Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006. The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 26, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

NOTE 20 - 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, 2001.

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, 2001, and have issued our report thereon dated November 21, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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*.

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
November 21, 2001**

**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
DECEMBER 18, 2001**