

WOLF CREEK LOCAL SCHOOL DISTRICT
ANNUAL AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Wolf Creek Local School District, Washington County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period July 1, 2008 through June 30, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 28, 2009

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**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

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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 45786

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wolf Creek Local School District, Washington County as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wolf Creek Local School District, Washington County as of June 30, 2009, and the respective changes in financial position and cash flows and the respective budgetary comparison for the General Fund for the year then ended in conformity generally accepted accounting principles accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2009, 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 grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine of the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards expenditures present additional information and is required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 17, 2009

Wolf Creek Local School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited*

The discussion and analysis of the Wolf Creek Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2009 are as follows:

- Net assets of governmental activities increased \$1,586,652.
- General revenues accounted for \$7,580,537 in revenue or 87% of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$1,149,022 or 13% of total revenues of \$8,729,559.
- Total assets of governmental activities increased \$1,318,160, while total liabilities decreased \$268,492.
- The School District had \$7,142,907 in expenses related to governmental activities; \$1,149,022 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$7,580,537 provided the remaining resources for these programs.
- The School District's only major fund, the General Fund, had \$7,375,932 in revenues and \$5,826,168 in expenditures. The General Fund's balance increased \$1,449,764.

USING THIS ANNUAL FINANCIAL REPORT

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look as the School District's most significant funds with all other non-major funds presented in total in one column.

Wolf Creek Local School District, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2009 Unaudited

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, all of the School District's programs and services are reported as governmental activities including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

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

Fiduciary Fund The School District accounts for resources held for the benefit of parties outside the School District as a fiduciary fund. This fund is not reflected in the government-wide financial statements because the resources of this fund are not available to support the School District's own programs. The School District uses accrual accounting for fiduciary funds.

Wolf Creek Local School District, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2009 compared to 2008.

Table 1
Net Assets

	Governmental Activities		
	2009	2008	Change
Assets			
Current and Other Assets	\$11,705,991	\$10,330,910	\$1,375,081
Capital Assets, Net	7,664,711	7,721,632	(56,921)
<i>Total Assets</i>	<u>19,370,702</u>	<u>18,052,542</u>	<u>1,318,160</u>
Liabilities			
Current and Other Liabilities	5,402,603	5,574,378	(171,775)
Long-term Liabilities	6,738,758	6,835,475	(96,717)
<i>Total Liabilities</i>	<u>12,141,361</u>	<u>12,409,853</u>	<u>(268,492)</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,980,815	1,901,686	79,129
Restricted	989,021	886,881	102,140
Unrestricted	4,259,505	2,854,122	1,405,383
<i>Total Net Assets</i>	<u>\$7,229,341</u>	<u>\$5,642,689</u>	<u>\$1,586,652</u>

Total assets increased \$1,318,160. The increase in current assets reflects additional collection of property taxes and increases in payments from the State as cash and cash equivalents increased \$1,417,763. Intergovernmental receivables increased \$71,874, while property taxes receivable decreased \$113,554 due to the elimination of tangible personal property taxes in 2009. With a \$150,000 debt payment offset by increased sick leave benefits payable, long-term liabilities decreased \$96,717. The decrease of \$171,775 in other current liabilities is mainly due to a decrease in deferred revenue of \$168,174 related to the taxes receivable decrease.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2009, and comparisons to fiscal year 2008.

Wolf Creek Local School District, Ohio*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited*Table 2
Changes in Net Assets

	Governmental Activities		
	2009	2008	Change
Revenues			
Program Revenues:			
Charges for Services	\$494,261	\$522,164	(\$27,903)
Operating Grants, Contributions and Interest	648,791	479,455	169,336
Capital Grants and Contributions	5,970	7,046	(1,076)
Total Program Revenues	1,149,022	1,008,665	140,357
General Revenues:			
Property Taxes	4,831,107	4,544,589	286,518
Grants and Entitlements	2,503,343	2,319,087	184,256
Investment Earnings	155,108	163,972	(8,864)
Donations	76,678	107,620	(30,942)
Miscellaneous	14,301	13,869	432
Total General Revenues	7,580,537	7,149,137	431,400
Total Revenues	8,729,559	8,157,802	571,757
Program Expenses			
Instruction:			
Regular	2,929,562	2,946,764	(17,202)
Special	466,053	437,593	28,460
Vocational	161,287	156,149	5,138
Support Services:			
Pupils	209,835	198,605	11,230
Instructional Staff	509,906	487,447	22,459
Board of Education	13,163	11,829	1,334
Administration	460,380	451,685	8,695
Fiscal	519,503	529,078	(9,575)
Operation and Maintenance of Plant	585,179	571,822	13,357
Pupil Transportation	406,722	400,068	6,654
Central	41,605	42,095	(490)
Operation of Non-Instructional Services:			
Food Service Operations	251,741	227,493	24,248
Other	5,335	26,585	(21,250)
Extracurricular Activities	282,540	321,072	(38,532)
Interest and Fiscal Charges	300,096	293,601	6,495
Total Expenses	7,142,907	7,101,886	41,021
Increase in Net Assets	1,586,652	1,055,916	530,736
Net Assets Beginning of Year	5,642,689	4,586,773	1,055,916
Net Assets End of Year	\$7,229,341	\$5,642,689	\$1,586,652

Wolf Creek Local School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited*

The School District's assessed property values have decreased \$3,691,106 from the prior fiscal year due to the phase out of tangible personal property.

Other than wages and insurance, the School District has maintained operating expense levels with the prior fiscal year with only minimal increases. The cash balance carryover has increased due to the passage of the Emergency Levy in 2007 but also because of the prudent spending of the School District. The employee wage increases were per negotiated agreements, which were set in 2007 and will expire in 2010.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Program Expenses				
Instruction:				
Regular	\$2,929,562	\$2,622,165	\$2,946,764	\$2,595,328
Special	466,053	140,342	437,593	238,318
Vocational	161,287	156,214	156,149	152,100
Support Services:				
Pupils	209,835	155,562	198,605	163,314
Instructional Staff	509,906	421,749	487,447	441,596
Board of Education	13,163	13,163	11,829	11,829
Administration	460,380	452,749	451,685	451,122
Fiscal	519,503	519,503	529,078	529,078
Operation and Maintenance of Plant	585,179	585,179	571,822	571,822
Pupil Transportation	406,722	384,334	400,068	374,149
Central	41,605	41,028	42,095	41,937
Operation of Non-Instructional Services:				
Food Service Operations	251,741	38,569	227,493	17,761
Other	5,335	(908)	26,585	1,156
Extracurricular Activities	282,540	164,140	321,072	210,110
Interest and Fiscal Charges	300,096	300,096	293,601	293,601
Total	<u>\$7,142,907</u>	<u>\$5,993,885</u>	<u>\$7,101,886</u>	<u>\$6,093,221</u>

The dependence upon tax revenues and State subsidies for governmental activities is apparent. 94% of program expenses are supported through taxes and other general revenues.

Wolf Creek Local School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited*

THE SCHOOL DISTRICT'S FUNDS

The School District's major fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,608,380 and expenditures of \$7,168,445. The General Fund's fund balance increased \$1,449,764 from 2008 due to an increase in property tax revenues and intergovernmental revenues.

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, the School District amended its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$7,376,076, above final estimates of \$7,325,522. The difference was mainly the result of underestimating taxes and investment earnings. Final estimated revenues were above original estimates of \$6,640,800 due to conservative estimates of intergovernmental revenues and investment earnings. Given economic conditions, the income was considered to decrease instead of increase. Final appropriations were decreased \$685,922 from original appropriations due to conservative spending by the School District. Again, given the current economic climate, the School District only spent funds on what was needed and agreed upon. The School District's ending General Fund balance was \$5,235,910.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2009, the School District had \$1,980,815 invested (net of related debt) in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2009 balances compared to 2008.

Wolf Creek Local School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited*

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2009	2008
Land	\$19,171	\$19,171
Construction in Progress	0	31,007
Buildings and Improvements	7,060,846	7,134,610
Furniture and Equipment	175,146	157,471
Vehicles	409,548	379,373
Totals	<u>\$7,664,711</u>	<u>\$7,721,632</u>

For additional information on capital assets, see Note 8 to the financial statements.

Debt

At June 30, 2009, the School District had \$6,402,436 in bonds outstanding.

Table 5
Outstanding Debt, at Fiscal Year End

	Governmental Activities	
	2009	2008
2002 School Facilities		
Construction and Improvement Bonds:		
Serial Bonds - 1.75%-4.75%	\$3,650,000	\$3,800,000
Term Bonds - 4.75%	2,210,000	2,210,000
Original Issue of Capital Appreciation		
Bonds - 21.947%-21.861%	75,000	75,000
Accretion on Capital Appreciation Bonds	240,445	181,397
Premium on Capital Appreciation Bonds	302,919	340,784
Serial and Term Bond Discount	(75,928)	(80,146)
Total General Obligation Bonds	<u>\$6,402,436</u>	<u>\$6,527,035</u>

See Note 13 to the financial statements for more information on debt.

Wolf Creek Local School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited*

ECONOMIC FACTORS

As the preceding information shows, the School District relies on its taxpayers. The future outlook for Wolf Creek Local School highly depends on the activity of its two large plants in the School District boundaries – the electric power plant (Columbus Southern) and the alloy metals plant (Globe Metallurgical). On August 7, 2007, the voters of the School District approved an emergency tax levy for five years. \$780,000 will be generated for each calendar year that the millage is in effect.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Rachel Miller, Treasurer at Wolf Creek Local School District, P.O. Box 67, Waterford, Ohio 45786.

Wolf Creek Local School District, Ohio

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$6,535,943
Cash and Cash Equivalents in Segregated Accounts	551
Accounts Receivable	2,628
Intergovernmental Receivable	118,706
Materials and Supplies Inventory	6,865
Prepaid Items	31,104
Property Taxes Receivable	4,835,018
Deferred Charges	175,176
Nondepreciable Capital Assets	19,171
Depreciable Capital Assets, Net	<u>7,645,540</u>
<i>Total Assets</i>	<u>19,370,702</u>
Liabilities	
Accounts Payable	25,381
Accrued Wages Payable	430,187
Accrued Interest Payable	21,695
Vacation Benefits Payable	18,990
Intergovernmental Payable	147,980
Deferred Revenue	4,758,370
Long-Term Liabilities:	
Due Within One Year	160,000
Due In More Than One Year	<u>6,578,758</u>
<i>Total Liabilities</i>	<u>12,141,361</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	1,980,815
Restricted for:	
Debt Service	43,681
Capital Projects	603,884
Bus Purchase	7,409
Textbooks and Instructional Materials	114,888
Unclaimed Monies	400
Other Purposes	218,759
Unrestricted	<u>4,259,505</u>
<i>Total Net Assets</i>	<u>\$7,229,341</u>

See accompanying notes to the financial statements

Wolf Creek Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,246,144	\$1,167,102	\$6,413,246
Cash and Cash Equivalents in Segregated Accounts	0	551	551
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	122,697	0	122,697
Receivables:			
Property Taxes	4,387,042	447,976	4,835,018
Accounts	1,358	1,270	2,628
Interfund	118	0	118
Intergovernmental	1,863	116,843	118,706
Prepaid Items	31,104	0	31,104
Materials and Supplies Inventory	4,107	2,758	6,865
<i>Total Assets</i>	<u>\$9,794,433</u>	<u>\$1,736,500</u>	<u>\$11,530,933</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$17,097	\$8,284	\$25,381
Accrued Wages Payable	384,739	45,448	430,187
Interfund Payable	0	118	118
Intergovernmental Payable	133,509	14,471	147,980
Deferred Revenue	4,356,489	537,699	4,894,188
<i>Total Liabilities</i>	<u>4,891,834</u>	<u>606,020</u>	<u>5,497,854</u>
Fund Balances			
Reserved for Encumbrances	53,122	25,705	78,827
Reserved for Unclaimed Monies	400	0	400
Reserved for Property Taxes	31,911	4,138	36,049
Reserved for Bus Purchase	7,409	0	7,409
Reserved for Textbooks and Instructional Materials	114,888	0	114,888
Unreserved, Undesignated, Reported in:			
General Fund	4,694,869	0	4,694,869
Special Revenue Funds	0	137,140	137,140
Debt Service Fund	0	359,613	359,613
Capital Projects Funds	0	603,884	603,884
<i>Total Fund Balances</i>	<u>4,902,599</u>	<u>1,130,480</u>	<u>6,033,079</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$9,794,433</u>	<u>\$1,736,500</u>	<u>\$11,530,933</u>

See accompanying notes to the financial statements

Wolf Creek Local School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2009*

Total Governmental Fund Balances		\$6,033,079
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,664,711
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	40,599	
Student Fees and Sales	2,420	
Grants	92,799	135,818
Accrued Interest Payable is recognized for outstanding long-term liabilities with interest accruals that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(21,695)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year and therefore are not reported in the funds.		(18,990)
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		175,176
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
School Construction Bonds	(6,402,436)	
Sick Leave Benefits Payable	(336,322)	(6,738,758)
Net Assets of Governmental Activities		\$7,229,341

See accompanying notes to the financial statements

Wolf Creek Local School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$4,361,200	\$430,501	\$4,791,701
Intergovernmental	2,534,825	538,445	3,073,270
Investment Earnings	127,765	30,007	157,772
Charges for Services	0	102,530	102,530
Tuition and Fees	273,728	0	273,728
Extracurricular Activities	0	118,400	118,400
Donations	76,678	0	76,678
Miscellaneous	1,736	12,565	14,301
<i>Total Revenues</i>	<u>7,375,932</u>	<u>1,232,448</u>	<u>8,608,380</u>
Expenditures			
Current:			
Instruction:			
Regular	2,786,758	43,386	2,830,144
Special	196,536	250,304	446,840
Vocational	154,927	2,000	156,927
Support Services:			
Pupils	157,492	48,229	205,721
Instructional Staff	398,518	74,961	473,479
Board of Education	13,163	0	13,163
Administration	440,810	6,521	447,331
Fiscal	504,474	11,882	516,356
Operation and Maintenance of Plant	547,202	0	547,202
Pupil Transportation	367,282	67,026	434,308
Central	40,529	1,076	41,605
Operation of Non-Instructional Services	0	241,755	241,755
Extracurricular Activities	218,477	150,420	368,897
Capital Outlay	0	29,334	29,334
Debt Service:			
Principal	0	150,000	150,000
Interest and Fiscal Charges	0	265,383	265,383
<i>Total Expenditures</i>	<u>5,826,168</u>	<u>1,342,277</u>	<u>7,168,445</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,549,764</u>	<u>(109,829)</u>	<u>1,439,935</u>
Other Financing Sources (Uses)			
Transfers In	0	100,000	100,000
Transfers Out	(100,000)	0	(100,000)
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>100,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,449,764	(9,829)	1,439,935
<i>Fund Balances Beginning of Year</i>	<u>3,452,835</u>	<u>1,140,309</u>	<u>4,593,144</u>
<i>Fund Balances End of Year</i>	<u>\$4,902,599</u>	<u>\$1,130,480</u>	<u>\$6,033,079</u>

See accompanying notes to the financial statements

Wolf Creek Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances - Total Governmental Funds \$1,439,935

*Amounts reported for governmental activities in the statement of activities
are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital Asset Additions	221,798	
Depreciation Expense	<u>(278,459)</u>	(56,661)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (260)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Taxes	39,406	
Student Fees and Sales	(397)	
Grants	<u>82,170</u>	121,179

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 150,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums and discounts are reported as revenues and expenditures when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

Amortization of Premium	37,865	
Annual Accretion	(59,048)	
Accrued Interest Payable	420	
Amortization of Discount	<u>(4,218)</u>	(24,981)

Issuance costs are reported as an expenditure when paid in the governmental funds, but is deferred and amortized on the statement of activities. This is the unamortized issuance costs on the bonds. (9,732)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Vacation Benefits Payable	(4,946)	
Sick Leave Benefits Payable	<u>(27,882)</u>	<u>(32,828)</u>

Change in Net Assets of Governmental Activities \$1,586,652

See accompanying notes to the financial statements

Wolf Creek Local School District, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2009*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$4,268,082	\$4,308,463	\$4,347,764	\$39,301
Intergovernmental	2,021,918	2,545,971	2,545,971	0
Investment Earnings	75,000	118,127	129,380	11,253
Tuition and Fees	200,800	274,543	274,543	0
Donations	75,000	76,678	76,678	0
Miscellaneous	0	1,740	1,740	0
<i>Total Revenues</i>	<u>6,640,800</u>	<u>7,325,522</u>	<u>7,376,076</u>	<u>50,554</u>
Expenditures				
Current:				
Instruction:				
Regular	3,215,762	2,884,778	2,884,778	0
Special	215,791	193,581	193,581	0
Vocational	172,838	155,049	155,049	0
Support Services:				
Pupils	178,794	160,392	160,392	0
Instructional Staff	444,721	398,948	398,948	0
Board of Education	22,388	20,084	20,084	0
Administration	491,473	440,888	440,888	0
Fiscal	586,259	525,918	525,918	0
Operation and Maintenance of Plant	632,130	567,068	567,068	0
Pupil Transportation	418,073	375,043	375,010	33
Central	43,029	38,600	38,600	0
Extracurricular Activities	243,021	218,008	218,008	0
<i>Total Expenditures</i>	<u>6,664,279</u>	<u>5,978,357</u>	<u>5,978,324</u>	<u>33</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(23,479)</u>	<u>1,347,165</u>	<u>1,397,752</u>	<u>50,587</u>
Other Financing Uses				
Transfers Out	(100,000)	(100,000)	(100,000)	0
Advances Out	(10,000)	(118)	(118)	0
Other Financing Uses	(25,000)	0	0	0
<i>Total Other Financing Uses</i>	<u>(135,000)</u>	<u>(100,118)</u>	<u>(100,118)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(158,479)</u>	<u>1,247,047</u>	<u>1,297,634</u>	<u>50,587</u>
<i>Fund Balance Beginning of Year</i>	<u>3,751,825</u>	<u>3,751,825</u>	<u>3,751,825</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>186,451</u>	<u>186,451</u>	<u>186,451</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,779,797</u></u>	<u><u>\$5,185,323</u></u>	<u><u>\$5,235,910</u></u>	<u><u>\$50,587</u></u>

See accompanying notes to the financial statements

Wolf Creek Local School District, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2009

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$26,889</u>
Liabilities	
Due to Students	<u>\$26,889</u>

See accompanying notes to the financial statements

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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 authorized by State statute and federal guidelines. This Board of Education controls the School District's two instructional/support facilities staffed by 37 classified employees, 47 certified teaching personnel, and 4 administrators, who provide services to 651 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements 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 organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are the Southeastern Ohio Voluntary Education Cooperative, the Washington County Career Center, the Coalition of Rural and Appalachian Schools, the Ohio School Plan, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 14 and 15 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary fund. The statements usually distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School District has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The funds used by the School District can be classified using two categories, governmental and fiduciary.

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

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.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions 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.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). 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 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 nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue 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, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2009, the School District had no investments.

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 2009 amounted to \$127,765, which includes \$9,701 assigned from other School District funds.

The School District has a segregated bank account for athletic activities. This depository account is presented as "cash and cash equivalents in segregated accounts" since it is not deposited into the School District treasury.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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 presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

H. Capital Assets

The School District's only capital assets are general assets. General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition 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 thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Buildings and Improvements	8 - 75 years
Furniture and Equipment	5 - 50 years
Vehicles	15 - 20 years

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent unexpended grants restricted for the purchase of buses, amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional materials, and unclaimed monies. See Note 16 for additional information regarding set-asides.

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 liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year earned.

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 classified and certified employees after ten years of current service with the School District.

K. Unamortized Issuance Costs and Bond Premiums and Discounts

On government-wide financial statements, issuance costs and bond discounts and premiums are deferred and amortized over the term of the bonds using the straight-line method. Issuance costs are recorded as deferred charges. Bond discounts are presented as a reduction of the face amount of bonds payable. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts on the capital appreciation bonds are deferred and accreted over the term of the bonds.

On the government fund financial statements, issuance costs, bond premiums, and bond discounts are recognized in the period in which the bonds are issued.

L. Accrued Liabilities and Long-term Obligations

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

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

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

M. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

N. Fund Balance Reserves

The School District reserves those portions of fund balance 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, unclaimed monies, property taxes, textbooks and instructional materials, and bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. Under Ohio law, unclaimed monies must be held for five years before it becomes available for appropriation. Monies not yet held for the five year period are presented as reserved. The reserve for textbooks represents money required to be set-aside by state statute for the purchase of textbooks and instructional materials.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and athletic and music activities, and federal and state grants restricted to expenditure for specified purposes.

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Q. 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.

R. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds except the General Fund where the legal level of control is at the fund, function, and object level. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations to the function and object level for all funds other than the General Fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made before the end of the prior fiscal year. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Note 3 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures 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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Unrecorded and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance

GAAP Basis	\$1,449,764
Revenue Accruals	(1,471)
Expenditure Accruals	(9,177)
Unreported Items:	
Beginning of Fiscal Year	1,615
Prepaid Items:	
Beginning of Fiscal Year	21,056
End of Fiscal Year	(31,104)
Advances Out	(118)
Encumbrances	<u>(132,931)</u>
Budget Basis	<u><u>\$1,297,634</u></u>

Note 4 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the School District's bank balance was \$6,587,573. \$500,716 was covered by Federal depository insurance; \$6,086,857 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 5 - 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 fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007, and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2009 (other than public utility property tax) represents the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Accrued property taxes receivable represents the real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and are reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009, was \$31,911 in the General Fund and \$4,138 in the Bond Retirement Fund. The amount available as an advance at June 30, 2008, was \$18,475 in the General Fund and \$2,360 in the Bond Retirement Fund.

Collectible delinquent property taxes have been recorded as a receivable and revenue on a full accrual bases. On a modified accrual basis, the revenue has been deferred.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

The assessed values upon which fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$53,311,820	40%	\$54,178,740	41%
Public Utility Personal	76,211,520	56%	75,101,870	57%
Tangible Personal Property	4,959,728	4%	2,384,360	2%
	<u>\$134,483,068</u>	<u>100%</u>	<u>\$131,664,970</u>	<u>100%</u>

Tax Rate per \$1,000 of
Assessed Valuation

\$41.63

\$41.38

Note 6 - Receivables

Receivables at June 30, 2009, 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, the stable condition of State programs, and the current year guarantee of federal funds. Except for delinquent property taxes, all receivables are expected to be collected within one year. Property taxes, although ultimately collectible, contain some portion of delinquencies that will not be collected within one year. A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Part B Idea	\$90,481
Title I	21,014
REAP	5,348
Homestead and Rollback	1,355
Other	508
Total	<u>\$118,706</u>

Note 7 - Interfund Activity

A. Transfers

The General Fund transferred \$100,000 to the Permanent Improvement Capital Projects Fund during fiscal year 2009 for capital improvements.

B. Balances

Interfund balances at June 30, 2009, arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by the EMIS Special Revenue Fund for \$118.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Balance</u> <u>6/30/2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2009</u>
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$19,171	\$0	\$0	\$19,171
Construction in Progress	31,007	102,927	(133,934)	0
Total Capital Assets not being Depreciated	<u>50,178</u>	<u>102,927</u>	<u>(133,934)</u>	<u>19,171</u>
Depreciable Capital Assets:				
Buildings and Improvements	9,927,331	137,649	0	10,064,980
Furniture and Equipment	942,992	35,517	(2,603)	975,906
Vehicles	786,191	79,639	0	865,830
Total Capital Assets being Depreciated	<u>11,656,514</u>	<u>252,805</u>	<u>(2,603)</u>	<u>11,906,716</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,792,721)	(211,413)	0	(3,004,134)
Furniture and Equipment	(785,521)	(17,582)	2,343	(800,760)
Vehicles	(406,818)	(49,464)	0	(456,282)
Total Accumulated Depreciation	<u>(3,985,060)</u>	<u>(278,459) *</u>	<u>2,343</u>	<u>(4,261,176)</u>
Total Capital Assets being Depreciated, Net	<u>7,671,454</u>	<u>(25,654)</u>	<u>(260)</u>	<u>7,645,540</u>
Capital Assets, Net	<u>\$7,721,632</u>	<u>\$77,273</u>	<u>(\$134,194)</u>	<u>\$7,664,711</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$103,126
Special	21,237
Vocational	4,095
Support Services:	
Pupils	4,500
Instructional Staff	33,782
Administration	9,885
Fiscal	2,757
Operation and Maintenance of Plant	16,772
Pupil Transportation	50,003
Food Service Operations	15,732
Extracurricular Activities	16,570
Total Depreciation Expense	<u>\$278,459</u>

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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. The School District participates in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 15). The types and amounts of coverage provided by the Ohio School Plan are as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$24,584,210
Crime (\$1,000 deductible):	
Employee Theft	25,000
Forgery or Alteration	25,000
Inside Premises	10,000
Outside Premises	10,000
Liability:	
Educational General	3,000,000
Employee Benefits:	
Each Offense	1,000,000
Aggregate Limit	3,000,000
Employers' – Stop Gap - Bodily Injury	1,000,000
Educational Legal - Errors and Omissions:	
Injury Limit	1,000,000
Aggregate Limit	3,000,000
Automobile Liability (\$100 deductible):	
Liability	4,000,000
Medical Payments – each person	5,000
Uninsured Motorists	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from coverage in fiscal year 2008.

B. Worker's Compensation

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). 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. 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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 10 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. At fiscal year end, up to ten vacation days can be carried over for not more than one fiscal year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 215 days for all personnel. 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 with any school district; 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 classified and 50 days for certified for more than 24 years of service with this School District. Also, employees having 20 years of service or more with this School District will have an additional severance amount calculated as follows: classified: 45 days subtracted from their total accumulated sick leave divided by 2; then multiplied by a fixed figure of \$70 not to exceed \$5,950; certified: 40 days subtracted from their total accumulated sick leave divided by 2; then multiplied by a fixed figure of \$85; or 50 days subtracted from their total accumulated sick leave divided by 2; then multiplied by a fixed figure of \$85 with 25 years of service.

B. Insurance

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 \$1,220.38 for family coverage, \$765.73 for employee with children coverage, \$837.51 for two adults' coverage, and \$478.58 for single coverage.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through AIG Life Insurance Company, in the amount of \$25,000.

Dental coverage is provided through Core Source. The School District also pays ninety percent of the total monthly premiums of \$68.73 for family coverage and \$22.87 for single coverage.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 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 2009, 9.09 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 by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007, were \$75,103, \$62,411, and \$90,298, respectively; 54.51 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007, were \$345,097, \$311,389, and \$308,931, respectively; 85.53 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$0 made by the School District and \$819 made by the plan members.

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, 2009, all members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007, were \$47,321, \$46,250, and \$44,514, respectively; 39.69 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007, were \$6,550, \$4,672, and \$4,497, respectively; 56.97 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007, were \$26,546, \$23,953, and \$23,764, respectively; 85.53 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 13 - Long Term Obligations

The changes in the School District's long-term obligations during the fiscal year consist of the following:

	Principal Outstanding 6/30/08	Additions	Reductions	Principal Outstanding 6/30/09	Amounts Due in One Year
Governmental Activities					
2002 School Facilities					
Construction and Improvement Bonds:					
Serial Bonds - 1.75%-4.75%	\$3,800,000	\$0	\$150,000	\$3,650,000	\$160,000
Term Bonds - 4.75%	2,210,000	0	0	2,210,000	0
Original Issue of Capital Appreciation					
Bonds - 21.947%-21.861%	75,000	0	0	75,000	0
Accretion on Capital Appreciation Bonds	181,397	59,048	0	240,445	0
Premium on Capital Appreciation Bonds	340,784	0	37,865	302,919	0
Serial and Term Bond Discount	(80,146)	0	(4,218)	(75,928)	0
Total General Obligation Bonds	6,527,035	59,048	183,647	6,402,436	160,000
 Sick Leave Benefits	 308,440	 27,882	 0	 336,322	 0
 Total Governmental Activities Long-Term Liabilities	 <u>\$6,835,475</u>	 <u>\$86,930</u>	 <u>\$183,647</u>	 <u>\$6,738,758</u>	 <u>\$160,000</u>

Sick leave benefits will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund and Food Service and Title I Special Revenue Funds. No sick leave benefit payments were made during fiscal year 2009.

On August 2, 2002, the School District issued \$6,600,000 in voted general obligation bonds for constructing, improving, and making additions to school buildings. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$4,315,000, \$2,210,000, and \$75,000, respectively. The bonds are being retired from the Bond Retirement debt service fund, with the proceeds of a 5.50 mill voted property tax levy. The serial and term general obligation bonds were sold at a discount of \$105,455 which is being amortized over the term of the bonds. Issuance costs associated with the bond issue were \$243,300 and are also amortized over the term of the bonds.

The term bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
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<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2023	\$550,000
2024	575,000
2025	610,000

The remaining principal amount of the term bonds (\$475,000) will mature at stated maturity on December 1, 2026.

The serial bonds maturing on or after December 1, 2013, are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any interest payment date on or after December 1, 2012, at the redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

When partial redemption is authorized, the serial bonds or portions thereof will be selected by lot within a maturity in such manner as the Bond Registrar may determine, provided, however, that the portion of any such Bond so selected will be in the amount of \$5,000 or any integral multiple thereof.

The capital appreciation bonds were sold at a premium of \$567,974. The capital appreciation bonds will mature in fiscal years 2014, 2015, and 2016. The maturity amount of the bonds is \$1,170,000. For the fiscal year 2009, \$59,048 was accreted for a total bond value of \$315,445.

The overall debt margin of the School District as of June 30, 2009, was \$6,060,459, with an unvoted debt margin of \$129,241.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2009, were as follows:

<u>Fiscal Year Ending</u>	<u>Serial</u>		<u>Term</u>		<u>Capital Appreciation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$160,000	\$265,383	\$0	\$0	\$0	\$0
2011	170,000	260,340	0	0	0	0
2012	180,000	248,295	0	0	0	0
2013	190,000	241,355	0	0	0	0
2014	210,000	413,650	0	0	0	0
2015-2019	820,000	932,735	0	0	75,000	1,095,000
2020-2024	1,920,000	552,924	550,000	144,401	0	0
2025-2027	0	0	1,660,000	113,525	0	0
Total	<u>\$3,650,000</u>	<u>\$2,914,682</u>	<u>\$2,210,000</u>	<u>\$257,926</u>	<u>\$75,000</u>	<u>\$1,095,000</u>

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 14 - Jointly Governed Organizations

A. Southeastern Ohio Voluntary Education Cooperative (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 28 participants consisting of school districts in nine southeastern Ohio counties. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2009, the School District paid \$30,353 to SEOVEC. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative at 221 North Columbus Road, Athens, Ohio 45701.

B. Washington County Career Center

The Washington County Career Center, a 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 Ohio Valley Educational Service Center's board. The Board possesses its own budgeting and taxing authority. To obtain financial information, write to the Washington County Career Center, Janine Satterfield, Treasurer, at 21740 State Route 676, Marietta, Ohio 45750.

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 134 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 32 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children 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 on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District's membership fee was \$300 for fiscal year 2009. The financial information for the Coalition can be obtained from Dick Fisher, Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 15 - Insurance Purchasing Pools

A. Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a thirteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

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

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 16 - Set asides

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 fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the School District was also required to set aside money for budget stabilization.

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

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

	Capital Improvements Reserve	Textbooks Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2008	\$0	\$84,046
Current Year Set-aside Requirement	100,729	100,729
Current Year Offsets	(428,723)	0
Qualifying Disbursements	0	(69,887)
Total	<u>(\$327,994)</u>	<u>\$114,888</u>
Set-aside Balance Carry Forward to Future Fiscal Years	<u>\$0</u>	<u>\$114,888</u>

The School District had qualifying 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 requirements of future fiscal years.

Note 17 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the 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, 2009.

B. Litigation

The School District is not currently party to pending litigation seeking damages and/or injunctive relief.

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Education
Wolf Creek Local School District
Waterford, Ohio 45786

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wolf Creek Local School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 17, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wolf Creek Local School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wolf Creek Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that we must report under *Government Auditing Standard*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated November 17, 2009.

This report is intended for the information of the District's 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 17, 2009

**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 45786

Compliance

We have audited the compliance of Wolf Creek Local School 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, 2009. 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 auditing standards generally accepted in the United States of America; 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, 2009.

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 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

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

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
November 17, 2009

**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 significant deficiencies in internal control 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 significant deficiencies in internal control 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:	Title I; CFDA #84.010 Title VI-B, CFDA #84.027
(d)(1)(viii)	Dollar Threshold: Type A\B Programs:	Type A: >\$300,000; Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

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

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

**INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED-UPON
PROCEDURES**

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

Ohio Revised Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Wolf Creek Local School District has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agree-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on November 11, 2007.
2. We read the policy, noting it included the following requirements from Ohio revised Code Section 3313.666(B):
 - A. A statement prohibiting harassment, intimidations, or bullying of any student on school property or at school-sponsored events;
 - B. A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
 - C. A procedure for reporting prohibited incidents;
 - D. A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - E. A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974, “ 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - F. A procedure for documenting any prohibited incident that is reported;
 - G. A procedure for responding to and investigating any reported incident;
 - H. A strategy for protecting a victim from additional harassment, intimidation or bullying, and from retaliation following a report;

- I. A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- J. A requirement that the District administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "family Educational Rights and Privacy Act of 1974, " 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the attention and use of the Board 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 17, 2009

**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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	\$ 14,944	\$ -	\$ 14,944	\$ -
National School Lunch Program	n/a	10.555	72,380	-	72,380	-
After School Snack Program	n/a	10.558	24	-	24	-
Food Distribution Program	n/a	10.550	-	38,068	-	38,068
Total Nutrition Cluster			87,348	38,068	87,348	38,068
Total U.S. Department of Agriculture			87,348	38,068	87,348	38,068
U.S. DEPARTMENT OF EDUCATION:						
Pass through Ohio Department of Education						
Title I Educationally Deprived Children	050518C1S109	84.010	168,354	-	151,609	-
	050518C1S108		3,448	-	16,103	-
			171,802	-	167,712	-
Title VI-B Special Education Assistance for handicapped Children	0505186BSF09	84.027	137,048	-	127,193	-
	0505186BSF08		2,801	-	20,961	-
			139,849	-	148,154	-
Drug Free School Program	050518DRS109	84.186	3,023	-	2,152	-
	050518DRS108		-	-	2,563	-
			3,023	-	4,715	-
Innovative Education Program Strategies	050518C2S109	84.298	1,092	-	1,234	-
	050518C2S108		91	-	-	-
			1,183	-	1,234	-
Technology Literacy Challenge	050518TJS109	84.318	1,705	-	1,676	-
			1,705	-	1,676	-
Improving Teacher Quality State Grant	050518TRS109	84.367	37,642	-	38,987	-
	050518TRS108		4,519	-	14,182	-
			42,161	-	53,169	-
Rural Education Achievement Program	050518REA09	84.358	5,650	-	5,650	-
	050518REA08		8,080	-	8,080	-
			13,730	-	13,730	-
Total U.S. Department of Education			373,453	-	390,390	-
Total Federal Awards Expenditures			460,801	38,068	477,738	38,068

See notes to Schedule of Federal Awards Expenditures.

**WOLF CREEK LOCAL SCHOOL DISTRICT
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 – CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



Mary Taylor, CPA
Auditor of State

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
JANUARY 12, 2010**