



OHIO AUDITOR OF STATE
KEITH FABER



**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

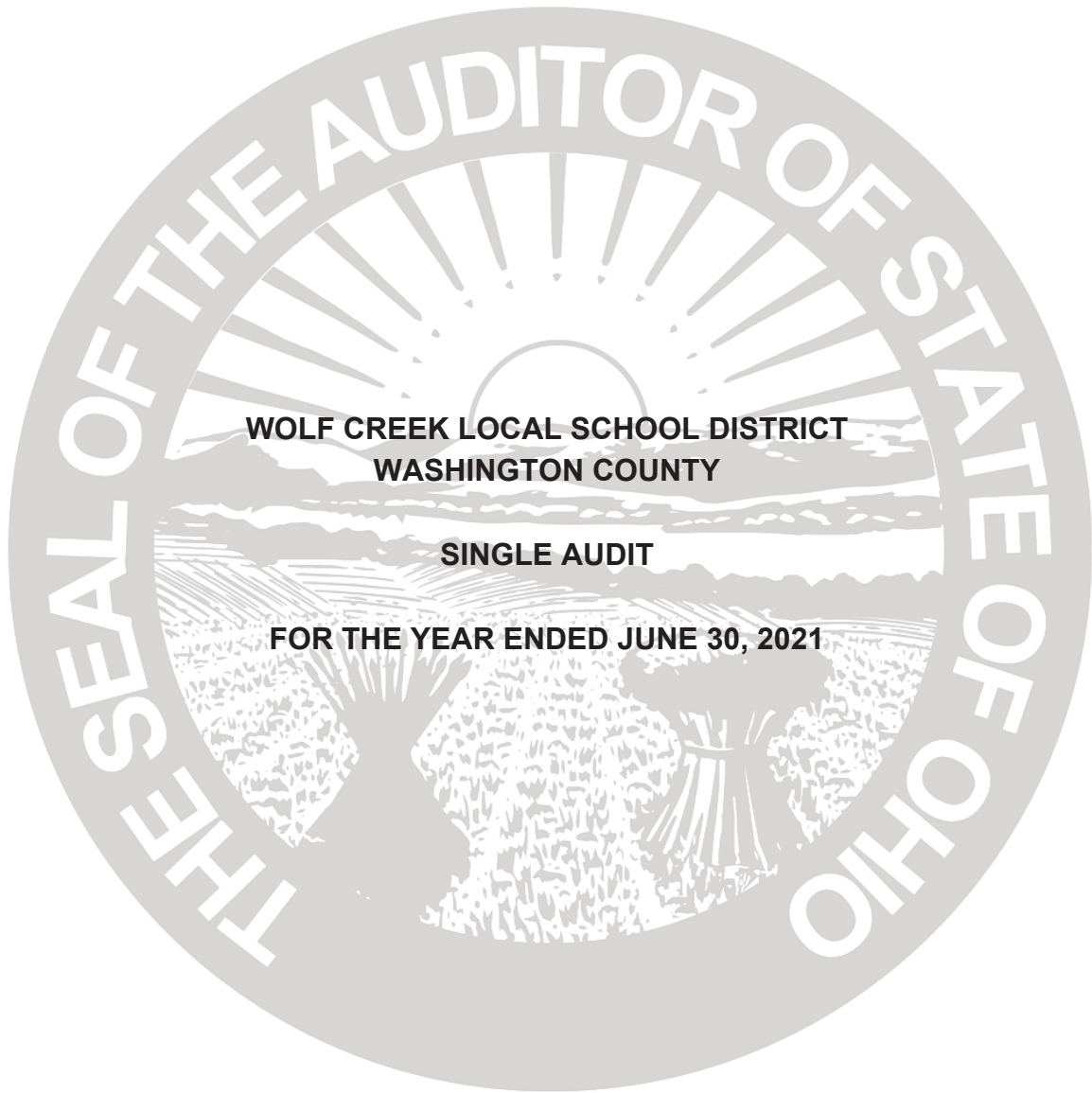
DOCUMENT CONTENTS

TITLE

Single Audit
For The Year Ended June 30, 2021

Regular Audit
For The Year Ended June 30, 2020

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**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY
JUNE 30, 2021**

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**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY
JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wolf Creek Local School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Other Post-employment Benefit Liabilities/Assets and Pension and Other Post-employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 23, 2022

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Wolf Creek Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
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, 2021. 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 2021 are as follows:

- Net position of governmental activities increased \$1,799,713.
- General revenues accounted for \$9,947,657 in revenue or 81.4% of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,273,131 or 18.6% of total revenues of \$12,220,788.
- Total assets of governmental activities increased \$1,598,997, while total liabilities increased \$460,773.
- The School District had \$10,421,075 in expenses related to governmental activities; \$2,273,131 of these expenses was offset by program specific charges for services and sales, grants, contributions, and interest. General revenues of \$9,947,657 provided the remaining resources for these programs.
- The School District's only major fund, the General Fund, had \$10,397,152 in revenues and \$8,870,903 in expenditures. The General Fund's balance increased \$1,523,253.

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 Position 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 at 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, 2021
Unaudited

Reporting the School District as a Whole

Statement of Net Position 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 2021?" The Statement of Net Position 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 position and changes in net position. This change in net position 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 Position 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 11. 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 only 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 Position 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, 2021
Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2021 compared to 2020.

Table 1 Net Position

Assets	Governmental Activities		
	2021	2020	Change
Current and Other Assets	\$23,432,898	\$23,533,901	(\$101,003)
Capital Assets, Net	8,164,212	6,502,821	1,661,391
Net OPEB Asset	471,595	432,986	38,609
<i>Total Assets</i>	<u>32,068,705</u>	<u>30,469,708</u>	<u>1,598,997</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	38,633	46,360	(7,727)
Pension	1,665,314	1,484,494	180,820
OPEB	281,482	176,691	104,791
<i>Total Deferred Outflows of Resources</i>	<u>1,985,429</u>	<u>1,707,545</u>	<u>277,884</u>
Liabilities			
Current and Other Liabilities	856,219	870,711	(14,492)
Long-term Liabilities			
Due Within One Year	522,005	512,005	10,000
Due in More Than One Year			
Net Pension Liability	8,525,602	7,556,865	968,737
Net OPEB Liability	697,629	766,556	(68,927)
Other Liabilities	3,055,591	3,490,136	(434,545)
<i>Total Liabilities</i>	<u>13,657,046</u>	<u>13,196,273</u>	<u>460,773</u>
Deferred Inflows of Resources			
Property Taxes	7,598,609	7,650,807	(52,198)
Pension	275,534	755,872	(480,338)
OPEB	1,011,129	862,198	148,931
<i>Total Deferred Inflows of Resources</i>	<u>8,885,272</u>	<u>9,268,877</u>	<u>(383,605)</u>
Net Position			
Net Invested in Capital Assets	5,192,845	3,054,181	2,138,664
Restricted	960,782	895,836	64,946
Unrestricted	5,358,189	5,762,086	(403,897)
<i>Total Net Position</i>	<u>\$11,511,816</u>	<u>\$9,712,103</u>	<u>\$1,799,713</u>

Wolf Creek Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets of governmental activities increased \$1,598,997. Current assets decreased by \$101,003, primarily due to an decrease in cash and cash equivalents of \$219,019. This decrease was offset by an increase in capital assets, net of \$1,661,391, due to considerable asset additions at multiple locations.

Total liabilities increased \$460,773. The \$968,737 increase in net pension liability accounts for the largest amount of the increase. Other amounts due in more than one year and net OPEB liability decreased by \$434,545 and \$68,927, respectively. The largest offset to the increase was the decrease in the net OPEB liability.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2021, and comparisons to fiscal year 2020.

Wolf Creek Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 2
Changes in Net Position

	Governmental Activities		
	2021	2020	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,362,396	\$1,322,367	\$40,029
Operating Grants, Contributions and Interest	910,735	713,503	197,232
Total Program Revenues	<u>2,273,131</u>	<u>2,035,870</u>	<u>237,261</u>
General Revenues:			
Property Taxes	7,428,465	6,154,465	1,274,000
Grants and Entitlements	2,136,110	1,926,266	209,844
Investment Earnings	194,005	422,642	(228,637)
Donations	73,387	13,258	60,129
Miscellaneous	114,190	45,858	68,332
Gain on Sale of Capital Assets	1,500	-	1,500
	<u>-</u>	<u>-</u>	<u>-</u>
Total General Revenues	<u>9,947,657</u>	<u>8,562,489</u>	<u>1,385,168</u>
Total Revenues	<u>12,220,788</u>	<u>10,598,359</u>	<u>1,622,429</u>
Program Expenses			
Instruction:			
Regular	4,155,112	4,142,737	12,375
Special	1,476,849	1,285,595	191,254
Vocational	178,140	195,868	(17,728)
Support Services:			
Pupils	636,376	539,861	96,515
Instructional Staff	443,335	393,955	49,380
Board of Education	71,839	15,199	56,640
Administration	669,127	652,451	16,676
Fiscal	513,050	535,289	(22,239)
Operation and Maintenance of Plant	928,150	669,058	259,092
Pupil Transport	518,637	505,754	12,883
Central	5,600	5,600	-
Operation of NonInstructional Services:			
Food Service Operations	340,489	293,226	47,263
Other	1,408	18,044	(16,636)
Extracurricular	413,884	499,335	(85,451)
Intergovernmental	-	600	(600)
Interest and Fiscal Charges	69,079	78,222	(9,143)
Total Expenses	<u>10,421,075</u>	<u>9,830,794</u>	<u>590,281</u>
Change in Net Position	1,799,713	767,565	1,032,148
Net Position Beginning of Year	<u>9,712,103</u>	<u>8,944,538</u>	<u>767,565</u>
Net Position End of Year	<u>\$11,511,816</u>	<u>\$9,712,103</u>	<u>\$1,799,713</u>

Wolf Creek Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

From fiscal year 2020 to fiscal year 2021, total revenues increased \$1,622,429. The largest increase was in property taxes due to increases in assessed values. Total expenses also increased \$590,281. The largest increase was in operation and maintenance of plant due to increased spending for purchased services and capital outlay. These changes resulted in an increase in net position of \$1,799,713.

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
Government Activities

	Governmental Activities			
	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program Expenses				
Instruction:				
Regular	\$4,155,112	\$3,224,497	\$4,142,737	\$3,274,501
Special	1,476,849	1,200,186	1,285,595	876,261
Vocational	178,140	164,192	195,868	181,920
Support Services:				
Pupils	636,376	582,981	539,861	497,041
Instructional Staff	443,335	58,433	393,955	329,092
Board of Education	71,839	71,839	15,199	15,199
Administration	669,127	669,127	652,451	652,023
Fiscal	513,050	513,050	535,289	535,289
Operation and Maintenance of Plant	928,150	863,743	669,058	632,620
Pupil Transport	518,637	500,205	505,754	497,518
Central	5,600	5,600	5,600	5,600
Operation of NonInstructional Services:				
Food Service Operations	340,489	18,495	293,226	(8,707)
Other	1,408	1,408	18,044	15,781
Extracurricular	413,884	205,109	499,335	211,964
Intergovernmental	-	-	600	600
Interest and Fiscal Charges	69,079	69,079	78,222	78,222
Total	\$10,421,075	\$8,147,944	\$9,830,794	\$7,794,924

Wolf Creek Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The dependence upon tax revenues and State subsidies for governmental activities is apparent. More than 78% of program expenses are supported through taxes and other general revenues.

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 \$12,151,174 and expenditures of \$12,243,074. The General Fund's fund balance increased \$1,523,253 from 2020 due to several large increases in revenues and less increases in expenditures compared to the prior year. General Fund property taxes alone increased \$1,412,260 due to increases in assessed values. Tuition and fees also saw an increase during the fiscal year. The Permanent Improvement Capital Projects Fund's fund balance decreased \$1,672,468 due to increased capital outlay expenditures.

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 2021, 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 \$10,269,964, exceeding final estimates of \$10,109,950. The difference was the result of underestimating the property tax revenues. Final estimated revenues were higher than the original estimates of \$9,781,146. Final appropriations were decreased \$2,959,000 from original appropriations. Actual expenditures were under final appropriations of \$9,362,567 by \$100,402. The School District's ending General Fund balance was \$10,270,881.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the School District had \$5,192,845 invested (net of related debt) in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2021 balances compared to 2020.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 19,171	\$ 19,171
Buildings and Improvements	7,680,477	6,118,803
Furniture and Equipment	229,495	170,306
Vehicles	235,069	194,541
Totals	\$8,164,212	\$6,502,821

For additional information on capital assets, see Note 11 to the financial statements.

Wolf Creek Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Debt

At June 30, 2021, the School District had \$3,010,000 in bonds outstanding.

Table 5
 Outstanding Debt, at Fiscal Year End

	Governmental Activities	
	2021	2020
2016 School Facilities Refunding		
Term Bonds - 1.910%	\$3,010,000.00	\$3,495,000.00

See Note 17 to the financial statements for more information on debt.

ECONOMIC FACTORS

As the preceding information shows, the School District relies on its taxpayers. The School District only receives 18% support from the State. The Wolf Creek Local School District has seen some changes in revenue and expenses. The power companies have upgraded the sub stations in the area as well as the lines that transmit. The School District has seen an increase in taxable property value, which has offset the closing of the AEP plant in 2015. The School District experienced a slight increase in real property revenue because of the revaluation of property in tax year 2021. In 2022, the properties in Washington County will go through a reappraisal which will also generate additional revenue. In 2017, the School District renewed an emergency tax levy which generates \$780,000 for each calendar year that the millage is in effect, and it expired in 2021. The levy will be reconsidered in 2022.

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 Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 15,148,059
Intergovernmental Receivable	320,212
Accounts Receivable	410
Prepaid Items	123,325
Inventory Held for Resale	1,501
Materials and Supplies Inventory	12,801
Property Taxes Receivable	7,826,590
Nondepreciable Capital Assets	19,171
Depreciable Capital Assets, Net	8,145,041
Net OPEB Asset	471,595
<i>Total Assets</i>	32,068,705
Deferred Outflows of Resources	
Deferred Charge on Refunding	38,633
Pension	1,665,314
OPEB	281,482
<i>Total Deferred Outflows of Resources</i>	1,985,429
Liabilities	
Accounts Payable	53,501
Accrued Wages Payable	634,488
Accrued Interest Payable	4,791
Intergovernmental Payable	106,762
Vacation Benefits Payable	56,677
Long-Term Liabilities:	
Due Within One Year	522,005
Due In More Than One Year:	
Net Pension Liability	8,525,602
Net OPEB Liability	697,629
Other Amounts Due in More than One Year	3,055,591
<i>Total Liabilities</i>	13,657,046
Deferred Inflows of Resources	
Property Taxes	7,598,609
Pension	275,534
OPEB	1,011,129
<i>Total Deferred Inflows of Resources</i>	8,885,272
Net Position	
Net Investment in Capital Assets	5,192,845
Restricted for:	
Unclaimed Monies	975
Debt Service	630,460
Food Service Operations	45,118
Local Initiatives	123
Student Activities	62,544
State Grants Programs	45,368
Federal Grants Programs	176,194
Unrestricted	5,358,189
<i>Total Net Position</i>	\$ 11,511,816

See accompanying notes to the financial statements.

Wolf Creek Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Governmental Activities	
Governmental Activities				
Instruction:				
Regular	\$ 4,155,112	\$ 872,632	\$ 57,983	\$ (3,224,497)
Special	1,476,849	151,431	125,232	(1,200,186)
Vocational	178,140	-	13,948	(164,192)
Support Services:				
Pupils	636,376	-	53,395	(582,981)
Instructional Staff	443,335	-	384,902	(58,433)
Board of Education	71,839	-	-	(71,839)
Administration	669,127	-	-	(669,127)
Fiscal	513,050	-	-	(513,050)
Operation and Maintenance of Plant	928,150	-	64,407	(863,743)
Pupil Transportation	518,637	-	18,432	(500,205)
Central	5,600	-	-	(5,600)
Operation of Non-Instructional Services:				
Food Service Operations	340,489	129,558	192,436	(18,495)
Other	1,408	-	-	(1,408)
Extracurricular Activities	413,884	208,775	-	(205,109)
Interest and Fiscal Charges	69,079	-	-	(69,079)
<i>Totals</i>	<u>\$10,421,075</u>	<u>\$1,362,396</u>	<u>\$910,735</u>	<u>(8,147,944)</u>
General Revenues				
Property Taxes Levied for General Purposes				7,428,465
Grants and Entitlements not Restricted to Specific Programs				2,136,110
Investment Earnings				194,005
Gifts and Donations not Restricted to Specific Programs				73,387
Gain on Sale of Capital Assets				1,500
Miscellaneous				114,190
<i>Total General Revenues</i>				<u>9,947,657</u>
<i>Change in Net Position</i>				1,799,713
<i>Net Position Beginning of Year</i>				<u>9,712,103</u>
<i>Net Position End of Year</i>				<u>\$ 11,511,816</u>

See accompanying notes to the financial statements.

Wolf Creek Local School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2021*

	General	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 11,040,930	\$ 2,655,187	\$ 1,451,367	\$ 15,147,484
Receivables:				
Property Taxes	7,262,667	-	563,923	7,826,590
Accounts	410	-	-	410
Intergovernmental	13	-	320,199	320,212
Interfund	140,503	-	-	140,503
Prepaid Items	119,174	-	4,151	123,325
Inventory Held for Resale	-	-	1,501	1,501
Materials and Supplies Inventory	12,447	-	354	12,801
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	575	-	-	575
Total Assets	\$ 18,576,719	\$ 2,655,187	\$ 2,341,495	\$ 23,573,401
Liabilities				
Accounts Payable	\$ 22,662	\$ -	\$ 30,839	\$ 53,501
Accrued Wages Payable	632,476	-	2,012	634,488
Interfund Payable	-	-	140,503	140,503
Intergovernmental Payable	98,337	-	8,425	106,762
Total Liabilities	753,475	-	181,779	935,254
Deferred Inflows of Resources				
Property Taxes	7,051,818	-	546,791	7,598,609
Unavailable Revenue	148,602	-	201,657	350,259
Total Deferred Inflows of Resources	7,200,420	-	748,448	7,948,868
Fund Balances				
Nonspendable	132,196	-	4,505	136,701
Restricted	-	-	882,955	882,955
Committed	381,833	-	-	381,833
Assigned	837,520	2,655,187	537,621	4,030,328
Unassigned (Deficit)	9,271,275	-	(13,813)	9,257,462
Total Fund Balances	10,622,824	2,655,187	1,411,268	14,689,279
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,576,719	\$ 2,655,187	\$ 2,341,495	\$ 23,573,401

See accompanying notes to the financial statements.

Wolf Creek Local School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 For the Fiscal Year Ended June 30, 2021*

Total Governmental Fund Balances		\$ 14,689,279
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		8,164,212
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	160,078	
Intergovernmental Revenues	<u>190,181</u>	350,259
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.		(4,791)
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.		(56,677)
Deferred outflows of resources represent deferred charges on refundings which do not provide current financial resources and therefore are not reported in the funds.		38,633
The net pension liability, net OPEB asset, and net OPEB liability is not due and payable in the current period; therefore, the asset, liabilities and related deferred inflows/outflows are not reported in the funds:		
Deferred Outflows - Pension	1,665,314	
Deferred Inflows - Pension	(275,534)	
Net Pension Liability	(8,525,602)	
Deferred Outflows - OPEB	281,482	
Deferred Inflows - OPEB	(1,011,129)	
Net OPEB Asset	471,595	
Net OPEB Liability	<u>(697,629)</u>	(8,091,503)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding Bonds Payable	(3,010,000)	
Sick Leave Benefits Payable	<u>(567,596)</u>	<u>(3,577,596)</u>
Net Position of Governmental Activities		<u>\$ 11,511,816</u>

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, 2021

	General	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 7,012,138	\$ -	\$ 538,959	\$ 7,551,097
Intergovernmental	2,047,251	-	809,598	2,856,849
Investment Earnings	192,593	(12,744)	14,156	194,005
Tuition and Fees	1,024,063	-	-	1,024,063
Extracurricular Activities	-	-	208,775	208,775
Charges for Services and Sales	-	-	129,558	129,558
Gifts and Donations	19,743	-	53,644	73,387
Miscellaneous	101,364	-	12,076	113,440
<i>Total Revenues</i>	<u>10,397,152</u>	<u>(12,744)</u>	<u>1,766,766</u>	<u>12,151,174</u>
Expenditures				
Current:				
Instruction:				
Regular	3,814,980	-	154,379	3,969,359
Special	1,331,018	-	119,779	1,450,797
Vocational	175,042	-	-	175,042
Support Services:				
Pupils	533,527	-	78,792	612,319
Instructional Staff	414,100	-	46,129	460,229
Board of Education	23,146	-	48,693	71,839
Administration	648,194	-	-	648,194
Fiscal	492,971	-	10,099	503,070
Operation and Maintenance of Plant	620,272	-	75,537	695,809
Pupil Transportation	445,063	85,322	18,432	548,817
Central	5,600	-	-	5,600
Operation of Non-Instructional Services	-	-	333,274	333,274
Extracurricular Activities	132,327	-	280,210	412,537
Capital Outlay	234,663	1,574,402	-	1,809,065
Debt Service:				
Principal Retirement	-	-	485,000	485,000
Interest and Fiscal Charges	-	-	62,123	62,123
<i>Total Expenditures</i>	<u>8,870,903</u>	<u>1,659,724</u>	<u>1,712,447</u>	<u>12,243,074</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,526,249</u>	<u>(1,672,468)</u>	<u>54,319</u>	<u>(91,900)</u>
Other Financing Sources				
Proceeds from Sale of Capital Assets	1,500	-	-	1,500
Transfers In	-	-	4,496	4,496
Transfers Out	(4,496)	-	-	(4,496)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,996)</u>	<u>-</u>	<u>4,496</u>	<u>1,500</u>
<i>Net Change in Fund Balances</i>	1,523,253	(1,672,468)	58,815	(90,400)
<i>Fund Balances Beginning of Year</i>	<u>9,099,571</u>	<u>4,327,655</u>	<u>1,352,453</u>	<u>14,779,679</u>
<i>Fund Balances End of Year</i>	<u>\$ 10,622,824</u>	<u>\$ 2,655,187</u>	<u>\$ 1,411,268</u>	<u>\$ 14,689,279</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, 2021*

Net Change in Fund Balances - Total Governmental Funds \$ (90,400)

*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 outlay in the current period:

Capital Asset Additions	2,143,694	
Depreciation Expense	<u>(482,303)</u>	1,661,391

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

Delinquent Property Taxes	2,002	
Intergovernmental Revenue	70,770	
Other	<u>(5,405)</u>	67,367

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 485,000

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

Accrued Interest Payable	772	
Amortization of Deferred Amount on Refunding	<u>(7,727)</u>	(6,955)

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense in the statement of activities:

Pension	(307,579)	
OPEB	<u>63,395</u>	(244,184)

Compensated Absences 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	(12,051)	
Sick Leave Benefits Payable	<u>(60,455)</u>	<u>(72,506)</u>

Change in Position of Governmental Activities \$ 1,799,713

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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 6,939,763	\$ 6,872,550	\$ 6,985,918	\$ 113,368
Intergovernmental	1,939,242	2,009,533	2,049,369	39,836
Investment Earnings	94,083	106,674	108,663	1,989
Tuition and Fees	805,275	1,020,076	1,022,180	2,104
Gifts and Donations	-	4,320	4,328	8
Miscellaneous	2,783	96,797	99,506	2,709
<i>Total Revenues</i>	<u>9,781,146</u>	<u>10,109,950</u>	<u>10,269,964</u>	<u>160,014</u>
Expenditures				
Current:				
Instruction:				
Regular	3,740,104	4,012,417	3,741,257	271,160
Special	1,299,989	1,296,151	1,296,251	(100)
Vocational	181,446	185,284	186,213	(929)
Support Services:				
Pupils	985,297	597,055	597,864	(809)
Instructional Staff	433,630	388,242	436,955	(48,713)
Board of Education	16,534	16,534	22,825	(6,291)
Administration	616,336	616,336	618,433	(2,097)
Fiscal	487,640	487,640	501,054	(13,414)
Operation and Maintenance of Plant	677,521	677,521	746,452	(68,931)
Pupil Transportation	486,926	468,926	469,793	(867)
Central	-	-	11,200	(11,200)
Extracurricular Activities	182,412	182,412	182,410	2
Capital Outlay	3,213,732	434,049	451,458	(17,409)
Intergovernmental	-	-	-	-
<i>Total Expenditures</i>	<u>12,321,567</u>	<u>9,362,567</u>	<u>9,262,165</u>	<u>100,402</u>
<i>Excess of Revenues Over Expenditures</i>	<u>(2,540,421)</u>	<u>747,383</u>	<u>1,007,799</u>	<u>260,416</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	1,500	1,500	-
Advances In	7,721	44,129	44,129	-
Transfers Out	(4,496)	(4,496)	(4,496)	-
Advances Out	(140,503)	(140,503)	(140,503)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(137,278)</u>	<u>(99,370)</u>	<u>(99,370)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>(2,677,699)</u>	<u>648,013</u>	<u>908,429</u>	<u>260,416</u>
<i>Fund Balance Beginning of Year</i>	<u>9,197,290</u>	<u>9,197,290</u>	<u>9,197,290</u>	<u>-</u>
Prior Year Encumbrances Appropriated	165,162	165,162	165,162	-
<i>Fund Balance End of Year</i>	<u>\$ 6,684,753</u>	<u>\$ 10,010,465</u>	<u>\$ 10,270,881</u>	<u>\$ 260,416</u>

See accompanying notes to the financial statements.

Wolf Creek Local School District, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Fund
June 30, 2021

Additions:

Charges Received for OHSAA	<u>\$ 750</u>
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Deductions:

Distributions on Behalf of OHSAA	<u>\$ 750</u>
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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, 2021

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 42 classified employees and 57 certificated full-time teaching personnel who provide services to 532 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 ensure 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, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District participates in three jointly governed organizations and three insurance purchasing pools. These organizations are the Metropolitan Educational Technology Association, the Washington County Career Center, the Coalition of Rural and Appalachian Schools, the Ohio School Benefits Cooperative, the Ohio School Plan, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Wolf Creek Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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, 2021

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position 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 position 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 position 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 deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are the descriptions of the School District's major governmental funds:

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

Permanent Improvement Capital Projects Fund This fund accounts for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

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 position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's fiduciary fund, a custodial fund, is used to account for revenues and expenses related to the Ohio High School Athletic Association tournament 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 position. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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.

Like the government-wide statements, all fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For the fiduciary fund, a statement of changes in fiduciary net position reports additions to and deductions from its custodial funds.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

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 and the statements presented for fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, 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.

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 8). 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 Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding, pension, and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 15 and 16.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, extracurricular activities, charges for services, tuition and fees, miscellaneous revenues, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 18. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 15 and 16).

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" on the financial statements.

During fiscal year 2021, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$192,593, which includes \$13,607 assigned from other School District funds.

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, 2021, 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 position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and 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 acquisition 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	20 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	8 years

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

I. 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 termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

J. Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, 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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Internal 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.

M. Fund Balance

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

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education.

Unassigned The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

N. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

O. Pensions/Other Postemployment Benefits (OPEB)

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

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. For the fiscal year 2021, the School District reported no extraordinary or special items.

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, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the School District may appropriate.

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 - Changes in Accounting Principles

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 97, *certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The School District evaluated changes to these certain GASB pronouncements based on the guidance in GASB 97.

For fiscal year 2021, the School District had no new implementations of accounting standards.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Note 4 - Fund Deficits

The Federal Grants Special Revenue Fund had a deficit fund balance as of June 30, 2021, of \$13,813 as a result of over-expended grant resources and accrued liabilities. The General Fund provides transfers to cover deficit balances in the special revenue fund; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total
Nonspendable:				
Prepaid	119,174	0	4,151	123,325
Unclaimed Monies	575	0	0	575
Materials and Supplies Inventory	12,447	0	354	12,801
<i>Total Nonspendable</i>	<u>132,196</u>	<u>0</u>	<u>4,505</u>	<u>136,701</u>
Restricted for:				
Local Initiatives	0	0	4,990	4,990
State Grant Programs	0	0	45,366	45,366
Federal Grant Programs	0	0	8	8
Food Service operations	0	0	40,616	40,616
Student Activities	0	0	161,515	161,515
Debt Service	0	0	630,460	630,460
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>882,955</u>	<u>882,955</u>
Committed for:				
Termination Benefits	123,516	0	0	123,516
Windows	20,000	0	0	20,000
Lighting Upgrades	216,795	0	0	216,795
Furniture and Equipment	21,522	0	0	21,522
<i>Total Committed</i>	<u>381,833</u>	<u>0</u>	<u>0</u>	<u>381,833</u>
Assigned to:				
Capital Improvements	0	2,655,187	537,621	3,192,808
Purchases on Order	114,623	0	0	114,623
Public School Support	9,198	0	0	9,198
Fiscal Year 2021 Appropriations	713,699	0	0	713,699
<i>Total Assigned</i>	<u>837,520</u>	<u>2,655,187</u>	<u>537,621</u>	<u>4,030,328</u>
Unassigned (Deficit):	9,271,275	0	(13,813)	9,257,462
<i>Total Fund Balances</i>	<u>\$10,622,824</u>	<u>\$2,655,187</u>	<u>\$1,411,268</u>	<u>\$14,689,279</u>

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Note 6 - 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).
3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment of fund balance (GAAP basis).
4. Unrecorded and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
5. Advances in and advances out are operating transactions (budget basis) as opposed to Balance Sheet transactions (GAAP basis).
6. Budgetary revenues and expenditures of the Public School Support Fund are reclassified to the General Fund for GAAP reporting.

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	\$1,523,253
Revenue Accruals	6,628
Expenditure Accruals	(24,418)
Beginning:	
Unreported Interest	136,814
Prepaid Items	118,549
Ending:	
Unreported Interest	(245,466)
Prepaid Items	(119,174)
Advances In	44,129
Advances Out	(140,503)
To reclassify excess of expenditures over revenues into financial statement fund types	15,041
Encumbrances	(406,424)
Budget Basis	<u>\$ 908,429</u>

Wolf Creek Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 7 - Deposits and Investments

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

Active deposits are public deposits 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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by eligible securities pledged by the financial institution as security for repayment.

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

Wolf Creek Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

7. The State Treasurer’s investment pool (STAR Ohio); and,
8. Certain bankers’ acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

As of June 30, 2021, the School District had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Standard & Poor's Rating</u>	<u>Percent of Total Investments</u>
Fair Value - Level One Inputs				
Money Market Funds	\$2,161,447	7 Days	AAAm	55.33%
Federal Farm				
Credit Banks	<u>1,745,105</u>	Less than four years	AA+	44.67%
Total Investments	<u><u>\$3,906,552</u></u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District’s recurring fair value measurements as of June 30, 2021. All of the School District’s investments measured at fair value are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk The School District’s investment policy does not address interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The School District has no investment policy that addresses credit risk.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

Note 8 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's 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 and public utility property located in the School District. Real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2019, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute 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 2021 represents collections of calendar year 2020 taxes. Public utility real property taxes received in calendar year 2021 became a lien December 31, 2018, were levied after April 1, 2019, and are collected 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.

The School District receives property taxes from Washington County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility taxes which are measurable as of June 30, 2021, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is 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 inflows of resources – property taxes.

The amount available as an advance at June 30, 2021, was \$62,247 in the General Fund and \$5,696 in the Bond Retirement Fund. The amount available as an advance at June 30, 2020, was \$36,027 in the General Fund and \$3,333 in the Bond Retirement Fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which fiscal year 2021 taxes were collected are:

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 61,579,630	27.70%	\$ 62,088,720	28.01%
Commercial/Industrial and Public Utility Real	9,196,680	4.14%	9,268,000	4.18%
Public Utility Personal	151,522,140	68.16%	150,347,450	67.81%
	<u>\$ 222,298,450</u>	<u>100.00%</u>	<u>\$ 221,704,170</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$ 37.90		\$ 37.92

Note 9 - Receivables

Receivables at June 30, 2021, consisted of property taxes, accounts (billings for user charged services and tuition and fees), 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 fiscal year guarantee of federal funds. Except for property taxes, all receivables are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be received within one year. The delinquent property taxes amounted to \$160,038.

A summary of principal items of intergovernmental receivables follows:

Governmental Activities	<u>Amounts</u>
Part B Idea	128,987
Title I	86,452
School Quality Improvement	45,640
Title II-A	17,182
Preschool 6b Restoration	1,830
Medicaid	13
Title IV-A Student Support	10,035
Broadband Connectivity	30,073
Total	<u>\$320,212</u>

Note 10 - Interfund Activity

A. Interfund Balances

Unpaid interfund cash advances at June 30, 2021, were as follows:

Wolf Creek Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 140,503	\$ -
Nonmajor Special Revenue Funds:		
Miscellaneous Federal Grants	-	140,503
	\$ 140,503	\$ 140,503

The interfund balances result from the provision of cash flow resources from the General Fund until the receipt of grant monies by the grant funds.

B. Transfers

The General Fund made a \$4,496 transfer to the Miscellaneous Federal Grants Fund to use unrestricted revenues collected in the General Fund to finance student programs accounted for in another fund in accordance with budgetary authorizations.

Note 11 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Balance 6/30/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2021</u>
Capital assets non-depreciable:				
Land	\$ 19,171	\$ -	\$ -	\$ 19,171
Total Non-Depreciable Capital Assets	19,171	-	-	19,171
Capital Assets Being Depreciated:				
Buildings and Improvements	11,242,916	1,950,488	-	13,193,404
Furniture and Equipment	1,593,640	89,452	-	1,683,092
Vehicles	1,139,906	103,754	-	1,243,661
Total Capital Assets Being Depreciated	13,976,462	2,143,695	-	16,120,157
Less Accumulated Depreciation:				
Buildings and Improvements	(5,124,113)	(388,814)		(5,512,927)
Furniture and Equipment	(1,423,334)	(30,263)		(1,453,597)
Vehicles	(945,365)	(63,227)		(1,008,592)
Total accumulated depreciation	(7,492,812)	(482,304)	-	(7,975,116)
Capital assets, net of depreciation	\$ 6,502,821	\$ 1,661,390	\$ -	\$ 8,164,212

* Depreciation expense was charged to governmental functions as follows:

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Instruction:	
Regular	\$ 376,959
Special	4,098
Vocational	3,661
Support Services:	
Pupils	777
Instructional Staff	997
Administration	862
Fiscal	725
Operation and Maintenance of Plant	20,323
Pupil Transportation	56,711
Food Service Operations	3,972
Extracurricular Activities	<u>13,218</u>
Total Depreciation Expense	<u>\$ 482,304</u>

Note 12 - Significant Commitments

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of governmental encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$ 406,519
Nonmajor Funds	<u>96,385</u>
Total	<u>\$ 502,904</u>

Note 13 - 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 19).

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
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The types and amounts of coverage provided by the Ohio School Plan are as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$31,191,942
Crime (\$1,000 deductible):	
Employee Theft	100,000
Forgery or Alteration	25,000
Inside Premises	10,000
Outside Premises	10,000
Liability:	
Bodily Injury and Property Damage	4,000,000
Personal and Advertising Injury	4,000,000
General Aggregate Limit	6,000,000
Completed Operations Aggregate Limit	4,000,000
Employers' - Stop Gap - Bodily Injury	4,000,000
Educational Legal - Errors and Omissions:	
Injury Limit	4,000,000
Aggregate Limit	6,000,000
Automobile Liability:	
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 2020.

B. Worker's Compensation

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). 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 CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

Note 14 - 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.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

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; 45 days for classified and 50 days for certified for more than 24 years of service with this School District; and 60 days for certified employees having 30 or more years of service with the 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 with 20 years of service; 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; or 60 days subtracted from their total accumulated sick leave divided by 2; then multiplied by a fixed figure of \$85 with 30 or more 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 \$1,771.11 for family coverage, \$1,111.31 for employee with children coverage, \$1,215.48 for two adults' coverage, and \$694.57 for single coverage.

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

Dental coverage is provided through Delta Dental. The School District also pays ninety percent of the total monthly premiums of \$70.09 for family coverage and \$23.33 for single coverage.

Note 15 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

A. Net Pension Liability/Net OPEB Liability

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

Wolf Creek Local School District, Ohio

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Wolf Creek Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Age 65 with 5 years of service credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2019, 2020, and 2021. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$181,763 for fiscal year 2021. Of this amount, \$19,735 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

The School District's contractually required contribution to STRS was \$473,991 for fiscal year 2021. Of this amount, \$80,935 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.02967590%	0.02614272%	
Current Measurement Date	<u>0.03073520%</u>	<u>0.02683300%</u>	
 Change in Proportionate Share	 <u>0.00105930%</u>	 <u>0.00069028%</u>	
 Proportionate Share of the Net			<u>Total</u>
Pension Liability	\$ 2,032,891	\$ 6,492,711	\$ 8,525,602
Pension Expense	\$ 236,021	\$ 727,312	\$ 963,333

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred SERS</u>	<u>Deferred STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 3,951	\$ 14,568	\$ 18,519
Changes of assumptions	-	348,533	348,533
Net difference between projected and actual earnings on pension plan investments	139,884	315,741	455,625
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	38,422	148,461	186,883
School District contributions subsequent to the measurement date	<u>181,763</u>	<u>473,991</u>	<u>655,754</u>
Total Deferred Outflows of Resources	<u>\$ 364,020</u>	<u>\$ 1,301,294</u>	<u>\$ 1,665,314</u>
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 41,516	\$ 41,516
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>11,901</u>	<u>222,117</u>	<u>234,018</u>
Total Deferred Inflows of Resources	<u>\$ 11,901</u>	<u>\$ 263,633</u>	<u>\$ 275,534</u>

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For the Fiscal Year Ended June 30, 2021

\$655,754 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (15,737)	\$ (97,976)	\$ (113,713)
2023	(56,816)	(75,387)	(132,203)
2024	(57,402)	(218,590)	(275,992)
2025	<u>(40,401)</u>	<u>(171,717)</u>	<u>(212,118)</u>
Total	<u>\$ (170,356)</u>	<u>\$ (563,670)</u>	<u>\$ (734,026)</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
 Total	 <u><u>100.00 %</u></u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
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	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
School District's proportionate share of the net pension liability	\$ 2,784,812	\$ 2,032,891	\$ 1,402,015

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Wolf Creek Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$ 9,244,490	\$ 6,492,711	\$ 4,160,807

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2021, one Board Member has elected Social Security. The contribution rate is 6.2 percent of wages.

Wolf Creek Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 16 - Defined Benefit OPEB Plans

See Note 15 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For fiscal year 2021, the School District's surcharge obligation was \$19,994.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$21,595 for fiscal year 2021, of which all is reported as an intergovernmental payable.

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Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2022. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability:			
Prior Measurement Date	0.03048190%	0.02614272%	
Current Measurement Date	<u>0.03209960%</u>	<u>0.02683333%</u>	
 Change in Proportionate Share	 <u>0.00161770%</u>	 <u>0.00069061%</u>	
 Proportionate Share of the:			<u>Total</u>
Net OPEB Liability	\$ 697,629	\$ -	\$ 697,629
Net OPEB (Asset)	\$ -	\$ (471,595)	\$(471,595)
OPEB Expense	\$ 3,774	\$ (47,176)	\$ (43,402)

Wolf Creek Local School District, Ohio
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At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 9,163	\$ 30,218	\$ 39,381
Changes of assumptions	118,922	7,785	126,707
Net difference between projected and actual earnings on OPEB plan investments	7,861	16,527	24,388
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	68,426	2,586	71,012
School District contributions subsequent to the measurement date	<u>19,994</u>	<u>-</u>	<u>19,994</u>
Total Deferred Outflows of Resources	<u>\$ 224,366</u>	<u>\$ 57,116</u>	<u>\$ 281,482</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 354,793	\$ 93,935	\$ 448,728
Changes of assumptions	17,572	447,936	465,508
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>18,160</u>	<u>78,733</u>	<u>96,893</u>
Total Deferred Inflows of Resources	<u>\$ 390,525</u>	<u>\$ 620,604</u>	<u>\$ 1,011,129</u>

\$19,994 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	(\$36,130)	(\$140,916)	(\$177,046)
2023	(35,565)	(129,731)	(165,296)
2024	(35,654)	(125,803)	(161,457)
2025	(39,683)	(123,385)	(163,068)
2026	(30,187)	(21,025)	(51,212)
Thereafter	<u>(8,934)</u>	<u>(22,628)</u>	<u>(31,562)</u>
Total	<u>(\$186,153)</u>	<u>(\$563,488)</u>	<u>(\$749,641)</u>

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00 percent
Future Salary Increases, including inflation	
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020, was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2020, (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	<u>1% Decrease</u> <u>(1.63%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(2.63%)</u>	<u>1% Increase</u> <u>(3.63%)</u>
School District's proportionate share of the net OPEB liability	\$ 853,881	\$ 697,629	\$ 573,410

	<u>1% Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB liability	\$ 549,330	\$ 697,629	\$ 895,944

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	(6.69) percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 percent initial, 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2021, to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2022, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2022.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net OPEB asset	\$ (410,319)	\$ (471,595)	\$ (523,586)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ (520,359)	\$ (471,595)	\$ (412,194)

Note 17 - Long-Term Obligations

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

	<u>Principal Outstanding 6/30/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/21</u>	<u>Amounts Due in One Year</u>
Governmental Activities					
2016 Advance Refunding Bonds:					
Term Bonds - 1.910%	\$ 3,495,000	\$ -	\$ 485,000	\$ 3,010,000	\$ 495,000
Net Pension Liability					
SERS	1,775,560	257,331	-	2,032,891	-
STRS	5,781,305	711,406	-	6,492,711	-
Total Net Pension Liability	7,556,865	968,737	-	8,525,602	-
Net OPEB Liability - SERS	766,556	-	68,927	697,629	-
Sick Leave Benefits	507,141	60,455	-	567,596	27,005
Total Governmental Activities					
Long-Term Liabilities	\$ 12,325,562	\$ 1,029,192	\$ 553,927	\$ 12,800,827	\$ 522,005

Sick leave benefits will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, Food Service, and Federal Grant Funds. There are no repayment schedules for the net pension and OPEB liabilities. However, employer pension contributions are made from the following funds: General Fund and the Food Service and Federal Grants Special Revenue Funds. For additional information related to the net pension and OPEB liabilities, see Notes 15 and 16.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

On August 11, 2016, the School District issued \$4,880,000 in general obligation refunding bonds with an interest rate of 1.910 percent. The proceeds were used to current refund \$4,880,000 of outstanding Series 2012 general obligation refunding bonds, which had an interest rate of 3 percent. The net proceeds of \$4,957,267 (after payment of \$61,160 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the debt service payment on the refunded bonds. As a result, \$4,880,000 of the Series 2012 bonds are considered defeased and the liabilities for those bonds have been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by \$77,267. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt.

The term bonds are subject to redemption at the option of the School District, in whole, on or after December 1, 2016 on any date that is thirty days after notice of call for redemption, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Principal and interest requirements to retire the refunding bonds outstanding at June 30, 2020, are as follows:

Fiscal Year Ending	2016 General Obligation Bonds	
	Principal	Interest
2022	\$ 495,000	\$ 52,764
2023	505,000	43,214
2024	525,000	33,378
2025	535,000	23,254
2026	550,000	12,893
2027	400,000	3,820
Total	<u>\$ 3,010,000</u>	<u>\$ 169,323</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.

The overall debt margin of the School District as of June 30, 2021, was \$17,564,325, with an unvoted debt margin of \$221,599.

Note 18 - Jointly Governed Organizations

A. Metropolitan Educational Technology Association (META)

The School District participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the Southeastern Ohio Voluntary Education Cooperative (SEOVEC) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

The General Assembly of META consists of one delegate from every member school district.

The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During 2021, the School District paid \$64,261 for services with META/MEC/SEOVEC. Financial information can be obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

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, Joe Crone, Treasurer, at 21740 SR 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 over 136 school districts and other educational institutions in the 35-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 35 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 \$325 for fiscal year 2021. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 19 - Insurance Purchasing Pools

A. Ohio School Benefits Cooperative

The School District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Participants pay an initial \$500 membership fee to OSBC. OSBC offers two options to participants. The first option is that participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. The School District participates in the first option. The OSBC's business and affairs are conducted by a nine member Board of Directors consisting of school district superintendents elected by the members of the OSBC. Medical Mutual/Antares is the Administrator for OSBC.

B. 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.

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

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (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 plan.

Note 20 - 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 acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior fiscal years, the School District was also required to set-aside money for textbooks.

The following cash basis information describes the change in the fiscal year end set aside amounts for 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, 2021

	Capital Improvements
Set-aside Balance as of June 30, 2020	\$ -
Current Year Set-aside Requirement	113,368
Offsetting Credits	(536,596)
Total	(423,228)
Set-aside Balance Carried Forward to Future Fiscal Years	\$ -

The School District had offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future years.

Note 21 - Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

B. Litigation

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

C. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2021 are finalized. As a result, there was no significant impact of the FTE adjustments on the fiscal year 2021 financial statements.

Note 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Eight Fiscal Years (1)*

	2021	2020	2019	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.0307352%	0.0296759%	0.0307889%	0.0288315%	0.0297823%	0.0303334%	0.0302300%	0.0302300%
School District's Proportionate Share of the Net Pension Liability	\$2,032,891	\$1,775,560	\$1,763,336	\$1,722,619	\$2,179,791	\$1,730,852	\$1,797,681	\$1,529,923
School District's Covered Payroll	\$1,085,936	\$1,022,207	\$1,003,896	\$931,221	\$945,664	\$915,281	\$885,859	\$889,473
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.20%	173.70%	175.65%	184.98%	230.50%	189.11%	202.93%	172.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each fiscal year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Eight Fiscal Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.02683300%	0.02614272%	0.02580448%	0.02758135%	0.02907511%	0.02844888%	0.02862886%	0.02862886%
School Districts Proportionate Share of the Net Pension Liability	\$6,492,711	\$5,781,305	\$5,673,826	\$6,552,007	\$9,732,316	\$7,862,437	\$8,294,911	\$6,963,650
School District's Covered Payroll	\$3,264,143	\$3,136,200	\$2,993,493	\$3,016,521	\$3,088,257	\$2,971,779	\$2,932,869	\$2,943,154
School District's Proportionate Share of the Net Share of the Net Pension Liability as a Percentage of its Covered Payroll	198.91%	184.34%	189.54%	217.20%	315.14%	264.57%	282.83%	236.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each fiscal year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.03209960%	0.03048190%	0.03133130%	0.02926470%	0.03024580%
School District's Proportionate Share of the Net OPEB Liability	\$697,629	\$766,556	\$869,215	\$785,388	\$862,117
School District's Covered Payroll	\$1,085,936	\$1,022,207	\$1,003,896	\$931,221	\$945,664
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	64.24%	74.99%	86.58%	84.34%	91.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.02683300%	0.02614272%	0.02580448%	0.02758135%	0.02907511%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$471,595)	(\$432,986)	(\$414,651)	\$1,076,124	\$1,554,944
School District's Covered Payroll	\$3,264,143	\$3,136,200	\$2,993,493	\$3,016,521	\$3,088,257
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.45%	-13.81%	-13.85%	35.67%	50.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017
Net Pension Liability					
Contractually Required Contribution	\$181,763	\$152,031	\$137,998	\$135,526	\$130,371
Contributions in Relation to the Contractually Required Contribution	(181,763)	(152,031)	(137,998)	(135,526)	(130,371)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
School District Covered Payroll (1)	\$1,298,305	\$1,085,936	\$1,022,207	\$1,003,896	\$931,221
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	14.00%
Net OPEB Liability					
Contractually Required Contribution (2)	\$19,994	\$21,595	\$24,044	\$22,372	\$15,984
Contributions in Relation to the Contractually Required Contribution	(19,994)	(21,595)	(24,044)	(22,372)	(15,984)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
OPEB Contributions as a Percentage of Covered Payroll	1.54%	1.99%	2.35%	2.23%	1.72%
Total Contributions as a Percentage of Covered Payroll (2)	15.54%	15.99%	15.85%	15.73%	15.72%

(1) The School District's covered payroll is the same for Pension and OPEB.
 (2) Includes Surcharge

Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013	2012
Net Pension Liability					
Contractually Required Contribution	\$132,393	\$120,634	\$122,780	\$123,103	\$96,227
Contributions in Relation to the Contractually Required Contribution	(132,393)	(120,634)	(122,780)	(123,103)	(96,227)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
School District Covered Payroll (1)	\$945,664	\$915,281	\$885,859	\$889,473	\$715,441
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.18%	13.86%	13.84%	13.45%
Net OPEB Liability					
Contractually Required Contribution (2)	\$15,582	\$23,824	\$16,847	\$17,347	\$16,384
Contributions in Relation to the Contractually Required Contribution	(15,582)	(23,824)	(16,847)	(17,347)	(16,384)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
OPEB Contributions as a Percentage of Covered Payroll	1.65%	2.60%	1.90%	1.95%	2.29%
Total Contributions as a Percentage of Covered Payroll (2)	15.65%	15.78%	15.76%	15.79%	15.74%

(1) The School District's covered payroll is the same for Pension and OPEB.
(2) Includes Surcharge

Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2021	2020	2019	2018	2017
Net Pension Liability					
Contractually Required Contribution	\$473,991	\$456,980	\$439,068	\$419,089	\$422,313
Contributions in Relation to the Contractually Required Contribution	(473,991)	(456,980)	(439,068)	(419,089)	(422,313)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
School District Covered Payroll (1)	\$3,385,649	\$3,264,143	\$3,136,200	\$2,993,493	\$3,016,521
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability					
Contractually Required Contribution	\$0	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	0
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

(1) The School District's covered payroll is the same for Pension and OPEB.

Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013	2012
Net Pension Liability					
Contractually Required Contribution	\$432,356	\$416,049	\$381,273	\$382,610	\$329,636
Contributions in Relation to the Contractually Required Contribution	(432,356)	(416,049)	(381,273)	(382,610)	(329,636)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
School District Covered Payroll (1)	\$3,088,257	\$2,971,779	\$2,932,869	\$2,943,154	\$2,535,662
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	13.00%	13.00%
Net OPEB Liability					
Contractually Required Contribution	\$0	\$0	\$29,329	\$29,432	\$25,357
Contributions in Relation to the Contractually Required Contribution	0	0	(29,329)	(29,432)	(25,357)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	1.00%	1.00%	1.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

(1) The School District's covered payroll is the same for Pension and OPEB.

Wolf Creek Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Wolf Creek Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Wolf Creek Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

For fiscal year 2021, the initial health care cost trends changed as follows: Medical Pre-Medicare decreased from 5.87 to 5.0 percent, Medical Medicare decreased from 4.93 to -6.69 percent, Prescription Drug Pre-Medicare decreased from 7.73 to 6.65 percent, and Prescription Drug Medicare increased from 9.62 to 11.87 percent.

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	2020/2021	\$19,355
Cash Assistance:			
School Breakfast Program	10.553	2020/2021	77,927
COVID-19 School Breakfast Program	10.553	2020/2021	15,248
National School Lunch Program	10.555	2020/2021	182,828
COVID-19 National School Lunch Program	10.555	2020/2021	39,941
Cash Assistance Subtotal			<u>315,944</u>
Total Child Nutrition Cluster			<u>335,299</u>
Total U.S. Department of Agriculture			<u>335,299</u>
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through Ohio Department of Education</i>			
COVID 19: Coronavirus Relief Fund- Broadband Connectivity	21.019	2021	63,775
COVID 19: Coronavirus Relief Fund-Rural and Small Town	21.019	2021	37,336
<i>Passed Through Washington County</i>			
COVID 19: Coronavirus Relief Fund	21.019	2021	50,000
<i>Passed Through Waterford Township</i>			
COVID 19: Coronavirus Relief Fund	21.019	2021	47,465
Total Coronavirus Relief Fund			<u>198,576</u>
Total U.S. Department of the Treasury			<u>198,576</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies- School Quality Improvement	84.010A	2020	6,873
	84.010A	2021	37,064
Title I Grants to Local Educational Agencies	84.010A	2021	30,032
Total Title I Grants to Local Educational Agencies			<u>73,969</u>
Special Education Cluster:			
Special Education Grants to States	84.027	2020	11,206
	84.027A	2021	45,510
Special Education Grants to States- Idea Restoration	84.027A	2020	5,897
	84.027A	2021	42
Total Special Education Grants to States			<u>62,655</u>
Special Education- Preschool Grants	84.173	2021	2,624
Total Special Education Cluster			<u>65,279</u>
<i>Direct from Federal Government</i>			
Small, Rural School Achievement Program	84.358	2020	12,966
		2021	34,804
Total Small, Rural School Achievement Program			<u>47,770</u>
<i>Passed Through Ohio Department of Education</i>			
Supporting Effective Instruction State Grant	84.367A	2021	11,971
Student Support and Academic Enrichment Program	84.424A	2020	6,735
Education Stabilization Fund			
COVID 19: Elementary and Secondary School Emergency Relief Fund	84.425D	2021	73,700
Total U.S. Department of Education			<u>279,424</u>
Total Expenditures of Federal Awards			<u>\$813,299</u>

The accompanying notes are an integral part of this Schedule.

**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Wolf Creek Local School District, Washington County, Ohio (the School District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the entitlement value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wolf Creek Local School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 23, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2021-001 to be material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

School District's Response to Findings

The School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not subject the School District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

August 23, 2022

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Wolf Creek Local School District, Washington County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the School District's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal program.

Management's Responsibility

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, Wolf Creek Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

Our consideration of 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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Keith Faber
Auditor of State
Columbus, Ohio

August 23, 2022

**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster- AL # 10.555/10.553
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2021-001

Material Weakness- Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021
(Continued)**

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

FINDING NUMBER 2021-001 (Continued)

Material Weakness- Financial Reporting (Continued)

For the year ended June 30, 2021:

- The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) original budgeted amount did not agree to the underlying approved Certificate of Estimated Resources resulting in a decrease in Property Taxes Revenues of \$2,129,837.
- The calculation of Intergovernmental Receivables did not agree to underlying support resulting in an increase of \$21,026 to Intergovernmental Receivables, a decrease of \$108,952 in Unavailable Revenue, and an increase of \$129,978 in Intergovernmental Revenues in Other Governmental Funds.
- The classification of fund balance was not in accordance with GASB 54 in the General Fund resulting in an increase in Unassigned fund balance and decrease in Assigned fund balance of \$1,504,416.

These misstatements occurred due to improper information used during the annual financial report compilation process. As a result, adjustments, with which the District's management agrees, are reflected in the accompanying financial statements.

The Treasurer should review the financial statements prepared for the annual financial report in order to ensure the financial statements reflect accurate information.

Official's Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2021

Finding Number:

2021-001

Planned Corrective Action:

The District has a material weakness in the GAAP conversion the IPA firm provided to the District for the 2020-2021 school year. The District had previously used LGS but with their work schedule, they could not provide the conversion in a timely manner. Although I, as Treasurer, should have reviewed the annual report to ensure the financial statements reflected accurate information, the GAAP report resulted in inaccurate information. The District will reach out to a different IPA firm that understands and works closely with the Auditor of State's Office, has experience, and understands what is required for GAAP conversion. I have reached out to LGS and they can perform the work, but would need to file an extension on behalf of the District because of their current work schedule. I have reached out to Julian and Grube for a quote and their timeframe for completion. If their firm is unable to perform the work, I will reach out to other IPA firms, but will seek the advice from our State Auditors on how the IPA performs on the conversion.

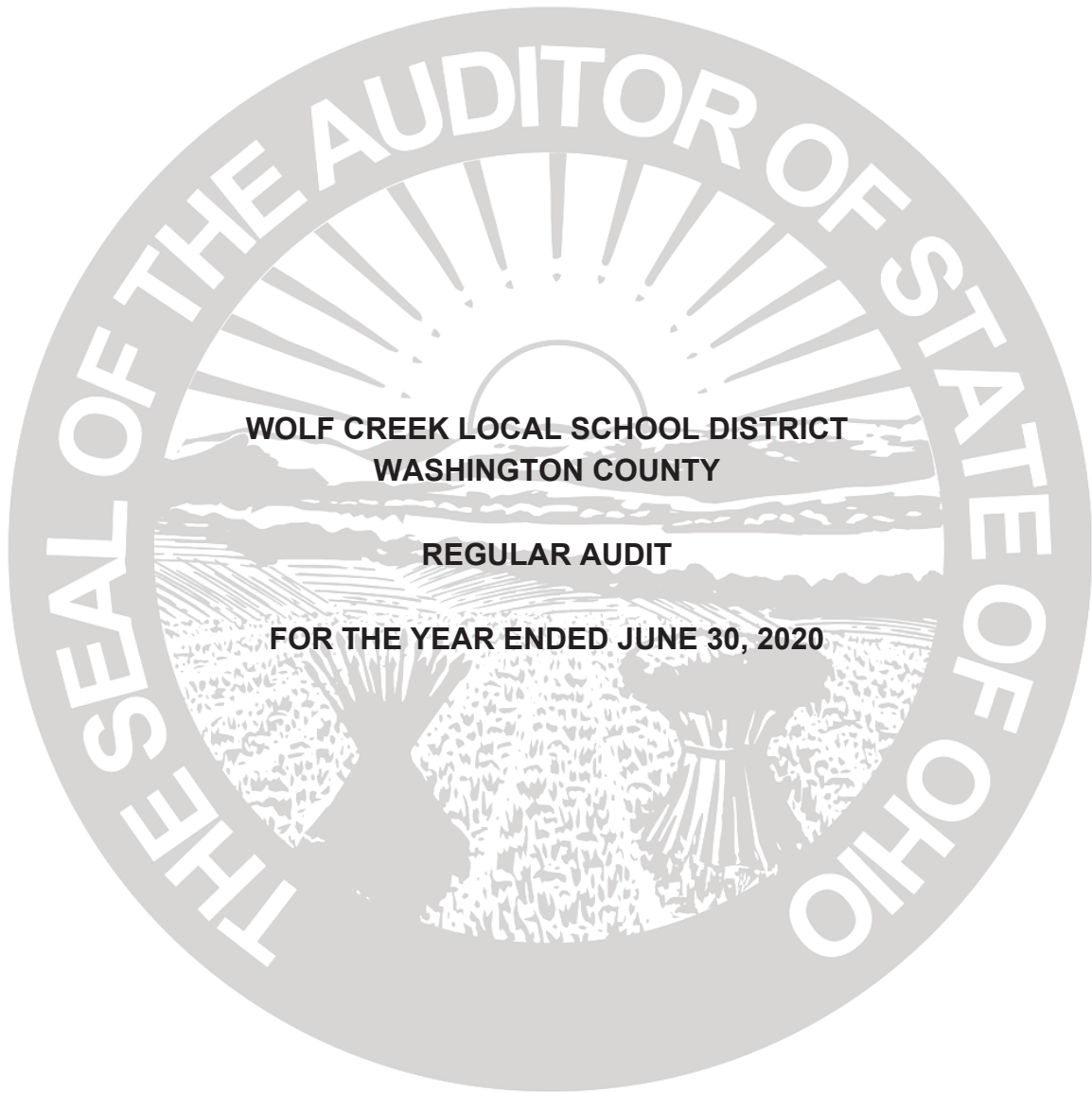
Anticipated Completion Date:

Immediately

Responsible Contact Person:

Rachel Miller, Treasurer

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**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY
JUNE 30, 2020**

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**WOLF CREEK LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY
JUNE 30, 2020**

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88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wolf Creek Local School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter. Also, as discussed in Note 3 to the financial statements, during 2020, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Other Post-employment Benefit Liabilities/Assets and Pension and Other Post-employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 23, 2022

Wolf Creek Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

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, 2020. 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 2020 are as follows:

- Net position of governmental activities increased \$767,565.
- General revenues accounted for \$8,562,489 in revenue or 81% of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,035,870 or 19% of total revenues of \$10,598,359.
- Total assets of governmental activities increased \$4,113,292, while total liabilities decreased \$463,986.
- The School District had \$9,830,794 in expenses related to governmental activities; \$2,035,870 of these expenses was offset by program specific charges for services and sales, grants, contributions, and interest. General revenues of \$8,562,489 provided the remaining resources for these programs.
- The School District's General Fund had \$8,889,757 in revenues and \$8,243,100 in expenditures. The General Fund's balance decreased \$3,356,456. The School District's other major fund, the Permanent Improvement Fund, had \$91,793 in revenues and \$16,780 in expenditures. The Permanent Improvement Fund's balance increased \$4,075,013 due to a transfer from the General Fund.

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 Position 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 at 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, 2020
Unaudited*

Reporting the School District as a Whole

Statement of Net Position 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 2020?" The Statement of Net Position 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 position and changes in net position. This change in net position 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 Position 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 funds are the General Fund and Permanent Improvement Capital Project 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 Position 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, 2020

Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2020 compared to 2019.

Table 1
Net Position

	Governmental Activities		
	2020	2019	Change
Assets			
Current and Other Assets	\$23,966,887	\$19,626,446	\$4,340,441
Capital Assets, Net	6,502,821	6,729,970	(227,149)
<i>Total Assets</i>	<u>30,469,708</u>	<u>26,356,416</u>	<u>4,113,292</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	46,360	54,087	(7,727)
Pension	1,484,494	1,985,258	(500,764)
OPEB	176,691	130,478	46,213
<i>Total Deferred Outflows of Resources</i>	<u>1,707,545</u>	<u>2,169,823</u>	<u>(462,278)</u>
Liabilities			
Current and Other Liabilities	870,711	927,352	(56,641)
Long-term Liabilities:			
Due within One Year	512,005	500,006	11,999
Due in More Than One Year:			
Net Pension Liability	7,556,865	7,437,162	119,703
Net OPEB Liability	766,556	869,215	(102,659)
Other Amounts	3,490,136	3,926,524	(436,388)
<i>Total Liabilities</i>	<u>13,196,273</u>	<u>13,660,259</u>	<u>(463,986)</u>
Deferred Inflows of Resources			
Property Taxes	7,650,807	4,063,525	3,587,282
Pension	755,872	1,007,101	(251,229)
OPEB	862,198	850,816	11,382
<i>Total Deferred Inflows of Resources</i>	<u>9,268,877</u>	<u>5,921,442</u>	<u>3,347,435</u>
Net Position			
Net Investment in Capital Assets	3,054,181	2,819,057	235,124
Restricted	895,836	905,876	(10,040)
Unrestricted	5,762,086	5,219,605	542,481
<i>Total Net Position</i>	<u>\$9,712,103</u>	<u>\$8,944,538</u>	<u>\$767,565</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit

Wolf Creek Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets of governmental activities increased \$4,113,292. Current assets increased by \$4,340,441, primarily due to an increase in equity in pooled cash and cash equivalents of \$4,154,921 and an increase in property taxes receivable of \$207,993. This increase was offset by a decrease in capital assets of \$227,149, due to current year depreciation exceeding capital asset additions.

Total liabilities decreased \$463,986. The \$436,388 decrease in other amounts due in more than one year accounts for the largest amount of the decrease. Intergovernmental payable and net OPEB liability also decreased by \$109,293 and \$102,659. The largest offset to the decreases was an increase in the net pension liability of \$119,703.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2020, and comparisons to fiscal year 2019.

Wolf Creek Local School District, Ohio*Management's Discussion and Analysis**For the Fiscal Year Ended June 30, 2020**Unaudited*Table 2
Changes in Net Position

	Governmental Activities		
	2020	2019	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,322,367	\$1,198,803	\$123,564
Operating Grants, Contributions and Interest	713,503	703,753	9,750
Total Program Revenues	<u>2,035,870</u>	<u>1,902,556</u>	<u>133,314</u>
General Revenues:			
Property Taxes	6,154,465	8,208,202	(2,053,737)
Grants and Entitlements	1,926,266	1,947,385	(21,119)
Investment Earnings	422,642	302,907	119,735
Gifts and Donations	13,258	95,132	(81,874)
Miscellaneous	45,858	55,044	(9,186)
Gain on Sale of Capital Assets	0	1,550	(1,550)
Total General Revenues	<u>8,562,489</u>	<u>10,610,220</u>	<u>(2,047,731)</u>
Total Revenues	<u>10,598,359</u>	<u>12,512,776</u>	<u>(1,914,417)</u>
Program Expenses			
Instruction:			
Regular	4,142,737	3,434,901	707,836
Special	1,285,595	1,112,329	173,266
Vocational	195,868	152,518	43,350
Support Services:			
Pupils	539,861	396,469	143,392
Instructional Staff	393,955	252,247	141,708
Board of Education	15,199	22,351	(7,152)
Administration	652,451	576,305	76,146
Fiscal	535,289	405,027	130,262
Operation and Maintenance of Plant	669,058	678,869	(9,811)
Pupil Transportation	505,754	459,568	46,186
Central	5,600	5,731	(131)
Operation of Non-Instructional Services:			
Food Service Operations	293,226	288,527	4,699
Other	18,044	1,328	16,716
Extracurricular Activities	499,335	328,997	170,338
Intergovernmental	600	1,900	(1,300)
Interest and Fiscal Charges	78,222	87,079	(8,857)
Total Expenses	<u>9,830,794</u>	<u>8,204,146</u>	<u>1,626,648</u>
Change in Net Position	<u>767,565</u>	<u>4,308,630</u>	<u>(3,541,065)</u>
Net Position Beginning of Year	<u>8,944,538</u>	<u>4,635,908</u>	<u>4,308,630</u>
Net Position End of Year	<u>\$9,712,103</u>	<u>\$8,944,538</u>	<u>\$767,565</u>

Wolf Creek Local School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited*

From fiscal year 2019 to fiscal year 2020, total revenues decreased \$1,914,417. The largest decrease was in property taxes. Total expenses increased \$1,626,648. The largest increase was in regular instruction due to increased spending for purchased services and capital outlay. There was a decrease in revenues and an increase in expenses but the school district monitored expenses closely which resulted in an increase in net position of \$767,565.

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 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
Program Expenses				
Instruction:				
Regular	\$4,142,737	\$3,274,501	\$3,434,901	\$2,548,172
Special	1,285,595	876,261	1,112,329	673,774
Vocational	195,868	181,920	152,518	142,018
Support Services:				
Pupils	539,861	497,041	396,469	396,469
Instructional Staff	393,955	329,092	252,247	185,546
Board of Education	15,199	15,199	22,351	22,351
Administration	652,451	652,023	576,305	576,305
Fiscal	535,289	535,289	405,027	405,027
Operation and Maintenance of Plant	669,058	632,620	678,869	668,744
Pupil Transportation	505,754	497,518	459,568	446,224
Central	5,600	5,600	5,731	5,731
Operation of Non-Instructional Services:				
Food Service Operations	293,226	(8,707)	288,527	(383)
Other	18,044	15,781	1,328	101
Extracurricular Activities	499,335	211,964	328,997	142,532
Intergovernmental	600	600	1,900	1,900
Interest and Fiscal Charges	78,222	78,222	87,079	87,079
Total	<u>\$9,830,794</u>	<u>\$7,794,924</u>	<u>\$8,204,146</u>	<u>\$6,301,590</u>

The dependence upon tax revenues and State subsidies for governmental activities is apparent. Nearly 79% 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, 2020
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 \$10,470,319 and expenditures of \$9,801,784. The General Fund's fund balance decreased \$3,356,456 from 2019 mainly due to a \$4,000,000 transfer to the Permanent Improvement Capital Projects Fund. General Fund property taxes increased \$1,916,298 due to changes in property values and delinquencies. Tuition and fees and investment earnings also saw increases during the fiscal year. The Permanent Improvement Capital Projects Fund's fund balance increased \$4,075,013 from 2019 due to the transfer.

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 2020, 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 \$11,990,052, over final estimates of \$11,977,394. The difference was the result of underestimating gifts and donations. Final estimated revenues were lower than the original estimates of \$15,611,065. Final estimated expenditures were decreased \$3,308,605 from original appropriations. Actual expenditures were above final appropriations of \$8,421,459 by \$8,819. The School District's ending General Fund balance was \$9,197,290.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the School District had \$3,054,181 invested (net of related debt) in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2020 balances compared to 2019.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2020	2019
Land	\$19,171	\$19,171
Buildings and Improvements	6,118,803	6,374,522
Furniture and Equipment	170,306	99,260
Vehicles	194,541	237,017
Totals	<u>\$6,502,821</u>	<u>\$6,729,970</u>

For additional information on capital assets, see Note 11 to the financial statements.

Wolf Creek Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Debt

At June 30, 2020, the School District had \$3,495,000 in bonds outstanding.

Table 5
 Outstanding Debt, at Fiscal Year End

	Governmental Activities	
	2020	2019
2016 School Facilities Refunding Term Bonds - 1.910%	\$3,495,000	\$3,965,000

See Note 17 to the financial statements for more information on debt.

ECONOMIC FACTORS

As the preceding information shows, the School District relies on its taxpayers. The School District only receives 21% support from the State and the remaining 79% of the District's operating revenue comes from local taxpayers and businesses. During 2020, the School District has 33.17% of its student population in economic disadvantage. Therefore, the School District received an additional \$30,505 from the State. The Wolf Creek Local School District has seen some changes in revenue and expenses. The power companies have upgraded the sub stations in the area as well as the lines that transmit. The School District has seen an increase in taxable property value, which has offset the closing of the AEP plant in 2015. The School District will see a slight increase in real property revenue because of the revaluation of property in tax year 2019. In 2022, the properties in Washington County will go through a reappraisal which will also generate additional revenue. In 2017, the School District renewed an emergency tax levy which generates \$780,000 for each calendar year that the millage is in effect and it will expire in 2021. At this time, the Board of Education is unclear whether to seek renewal in 2021.

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 Position

June 30, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$15,393,429
Intergovernmental Receivable	144,155
Accounts Receivable	8,106
Prepaid Items	124,667
Inventory Held for Resale	5,165
Materials and Supplies Inventory	10,136
Property Taxes Receivable	7,848,243
Nondepreciable Capital Assets	19,171
Depreciable Capital Assets, Net	6,483,650
Net OPEB Asset	432,986
<i>Total Assets</i>	<u>30,469,708</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	46,360
Pension	1,484,494
OPEB	176,691
Total Deferred Outflows of Resources	<u>1,707,545</u>
Liabilities	
Accounts Payable	25,278
Accrued Wages Payable	676,839
Accrued Interest Payable	5,563
Intergovernmental Payable	118,405
Vacation Benefits Payable	44,626
Long-Term Liabilities:	
Due Within One Year	512,005
Due In More Than One Year:	
Net Pension Liability	7,556,865
Net OPEB Liability	766,556
Other Amounts Due in More than One Year	3,490,136
<i>Total Liabilities</i>	<u>13,196,273</u>
Deferred Inflows of Resources	
Property Taxes	7,650,807
Pension	755,872
OPEB	862,198
Total Deferred Inflows of Resources	<u>9,268,877</u>
Net Position	
Net Investment in Capital Assets	3,054,181
Restricted for:	
Unclaimed Monies	575
Debt Service	601,726
Food Service Operations	23,190
Local Initiatives	123
Student Activities	187,509
State Grants Programs	18,372
Federal Grants Programs	64,341
Unrestricted	5,762,086
<i>Total Net Position</i>	<u>\$9,712,103</u>

See accompanying notes to the basic financial statements

Wolf Creek Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	
Governmental Activities				
Instruction:				
Regular	\$4,142,737	\$814,332	\$53,904	(\$3,274,501)
Special	1,285,595	125,697	283,637	(876,261)
Vocational	195,868	0	13,948	(181,920)
Support Services:				
Pupils	539,861	0	42,820	(497,041)
Instructional Staff	393,955	0	64,863	(329,092)
Board of Education	15,199	0	0	(15,199)
Administration	652,451	0	428	(652,023)
Fiscal	535,289	0	0	(535,289)
Operation and Maintenance of Plant	669,058	0	36,438	(632,620)
Pupil Transportation	505,754	0	8,236	(497,518)
Central	5,600	0	0	(5,600)
Operation of Non-Instructional Services:				
Food Service Operations	293,226	112,028	189,905	8,707
Other	18,044	0	2,263	(15,781)
Extracurricular Activities	499,335	270,310	17,061	(211,964)
Intergovernmental	600	0	0	(600)
Interest and Fiscal Charges	78,222	0	0	(78,222)
<i>Totals</i>	<u>\$9,830,794</u>	<u>\$1,322,367</u>	<u>\$713,503</u>	<u>(7,794,924)</u>
General Revenues				
Property Taxes Levied for General Purposes				6,154,465
Grants and Entitlements not Restricted to Specific Programs				1,926,266
Investment Earnings				422,642
Gifts and Donations not Restricted to Specific Programs				13,258
Miscellaneous				45,858
<i>Total General Revenues</i>				<u>8,562,489</u>
<i>Change in Net Position</i>				767,565
<i>Net Position Beginning of Year - Restated (See Note 3)</i>				<u>8,944,538</u>
<i>Net Position End of Year</i>				<u>\$9,712,103</u>

See accompanying notes to the basic financial statements

Wolf Creek Local School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2020

	General	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$9,660,969	\$4,327,655	\$1,404,230	\$15,392,854
Receivables:				
Property Taxes	7,285,022	0	563,221	7,848,243
Accounts	7,142	0	964	8,106
Intergovernmental	27,310	0	116,845	144,155
Interfund	44,129	0	0	44,129
Prepaid Items	118,549	0	6,118	124,667
Inventory Held for Resale	0	0	5,165	5,165
Materials and Supplies Inventory	10,081	0	55	10,136
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	575	0	0	575
<i>Total Assets</i>	<u>\$17,153,777</u>	<u>\$4,327,655</u>	<u>\$2,096,598</u>	<u>\$23,578,030</u>
Liabilities				
Accounts Payable	\$22,783	\$0	\$2,495	\$25,278
Accrued Wages Payable	639,789	0	37,050	676,839
Interfund Payable	0	0	44,129	44,129
Intergovernmental Payable	112,282	0	6,123	118,405
<i>Total Liabilities</i>	<u>774,854</u>	<u>0</u>	<u>89,797</u>	<u>864,651</u>
Deferred Inflows of Resources				
Property Taxes	7,102,395	0	548,412	7,650,807
Unavailable Revenue	176,957	0	105,936	282,893
<i>Total Deferred Inflows of Resources</i>	<u>7,279,352</u>	<u>0</u>	<u>654,348</u>	<u>7,933,700</u>
Fund Balances				
Nonspendable	129,205	0	6,173	135,378
Restricted	0	0	845,854	845,854
Committed	206,309	0	0	206,309
Assigned	2,327,733	4,327,655	530,890	7,186,278
Unassigned (Deficit)	6,436,324	0	(30,464)	6,405,860
<i>Total Fund Balances</i>	<u>9,099,571</u>	<u>4,327,655</u>	<u>1,352,453</u>	<u>14,779,679</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$17,153,777</u>	<u>\$4,327,655</u>	<u>\$2,096,598</u>	<u>\$23,578,030</u>

See accompanying notes to the basic financial statements

Wolf Creek Local School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2020*

Total Governmental Fund Balances		\$14,779,679
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,502,821
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	158,076	
Intergovernmental Revenues	119,412	
Charges for Services	75	
Tuition and Fees	5,165	
Extracurricular Activities	165	282,893
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.		(5,563)
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.		(44,626)
Deferred outflows of resources represent deferred charges on refundings which do not provide current financial resources and therefore are not reported in the funds.		46,360
The net pension liability, net OPEB asset, and net OPEB liability is not due and payable in the current period; therefore, the asset, liabilities and related deferred inflows/outflows are not reported in the funds:		
Deferred Outflows - Pension	1,484,494	
Deferred Inflows - Pension	(755,872)	
Net Pension Liability	(7,556,865)	
Deferred Outflows - OPEB	176,691	
Deferred Inflows - OPEB	(862,198)	
Net OPEB Asset	432,986	
Net OPEB Liability	(766,556)	(7,847,320)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding Bonds Payable	(3,495,000)	
Sick Leave Benefits Payable	(507,141)	(4,002,141)
Net Position of Governmental Activities		\$9,712,103

See accompanying notes to the basic 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, 2020

	General	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$5,599,878	\$0	\$438,031	\$6,037,909
Intergovernmental	1,968,574	0	624,741	2,593,315
Investment Earnings	305,403	91,793	25,581	422,777
Tuition and Fees	941,236	0	0	941,236
Extracurricular Activities	554	0	269,812	270,366
Charges for Services and Sales	0	0	113,716	113,716
Gifts and Donations	19,370	0	11,699	31,069
Miscellaneous	54,742	0	5,189	59,931
<i>Total Revenues</i>	<u>8,889,757</u>	<u>91,793</u>	<u>1,488,769</u>	<u>10,470,319</u>
Expenditures				
Current:				
Instruction:				
Regular	3,714,143	0	47,255	3,761,398
Special	1,009,026	0	248,509	1,257,535
Vocational	189,498	0	0	189,498
Support Services:				
Pupils	501,495	0	27,989	529,484
Instructional Staff	355,236	0	37,103	392,339
Board of Education	15,199	0	0	15,199
Administration	625,278	0	375	625,653
Fiscal	498,889	0	12,421	511,310
Operation and Maintenance of Plant	626,334	0	22,990	649,324
Pupil Transportation	464,616	0	0	464,616
Central	5,600	0	0	5,600
Operation of Non-Instructional Services	16,061	0	299,616	315,677
Extracurricular Activities	196,060	0	273,484	469,544
Capital Outlay	25,065	16,780	30,919	72,764
Intergovernmental	600	0	0	600
Debt Service:				
Principal Retirement	0	0	470,000	470,000
Interest and Fiscal Charges	0	0	71,243	71,243
<i>Total Expenditures</i>	<u>8,243,100</u>	<u>16,780</u>	<u>1,541,904</u>	<u>9,801,784</u>
<i>Excess of Revenues Over Expenditures</i>	<u>646,657</u>	<u>75,013</u>	<u>(53,135)</u>	<u>668,535</u>
Other Financing Sources				
Transfers In	0	4,000,000	3,113	4,003,113
Transfers Out	(4,003,113)	0	0	(4,003,113)
<i>Total Other Financing Sources (Uses)</i>	<u>(4,003,113)</u>	<u>4,000,000</u>	<u>3,113</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(3,356,456)	4,075,013	(50,022)	668,535
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>12,456,027</u>	<u>252,642</u>	<u>1,402,475</u>	<u>14,111,144</u>
<i>Fund Balances End of Year</i>	<u>\$9,099,571</u>	<u>\$4,327,655</u>	<u>\$1,352,453</u>	<u>\$14,779,679</u>

See accompanying notes to the basic 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, 2020*

Net Change in Fund Balances - Total Governmental Funds \$668,535

*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 outlay in the current period:

Capital Asset Additions	160,653	
Depreciation Expense	<u>(387,802)</u>	(227,149)

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

Delinquent Property Taxes	116,556	
Intergovernmental Revenue	55,390	
Tuition and Fees	(8,191)	
Extracurricular Activities	3	
Charges for Services and Sales	(1,688)	
Miscellaneous Revenue	<u>(34,030)</u>	128,040

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 470,000

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

Accrued Interest Payable	748	
Amortization of Deferred Amount on Refunding	<u>(7,727)</u>	(6,979)

Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	609,011	
OPEB	<u>21,595</u>	630,606

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense in the statement of activities:

Pension	(978,249)	
OPEB	<u>134,230</u>	(844,019)

Compensated Absences 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	(5,858)	
Sick Leave Benefits Payable	<u>(45,611)</u>	<u>(51,469)</u>

Change in Net Position of Governmental Activities \$767,565

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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$12,532,000	\$8,865,214	\$8,865,214	\$0
Intergovernmental	2,092,500	1,976,258	1,976,258	0
Investment Earnings	101,000	192,425	192,425	0
Tuition and Fees	882,380	941,609	941,609	0
Gifts and Donations	2,000	600	13,258	12,658
Miscellaneous	1,185	1,288	1,288	0
<i>Total Revenues</i>	15,611,065	11,977,394	11,990,052	12,658
Expenditures				
Current:				
Instruction:				
Regular	5,254,251	3,772,226	3,776,177	(3,951)
Special	1,387,836	996,381	997,424	(1,043)
Vocational	260,246	186,840	187,036	(196)
Support Services:				
Pupils	701,788	503,840	504,368	(528)
Instructional Staff	546,041	392,023	392,434	(411)
Board of Education	32,913	23,629	23,654	(25)
Administration	877,579	630,047	630,707	(660)
Fiscal	698,966	501,814	502,340	(526)
Operation and Maintenance of Plant	967,804	694,823	695,551	(728)
Pupil Transportation	646,295	464,000	464,486	(486)
Central	23,376	16,782	16,800	(18)
Operation of Non-Instructional Services	22,348	16,044	16,061	(17)
Extracurricular Activities	250,687	179,980	180,166	(186)
Capital Outlay	59,099	42,430	42,474	(44)
Intergovernmental	835	600	600	0
<i>Total Expenditures</i>	11,730,064	8,421,459	8,430,278	(8,819)
<i>Excess of Revenues Over Expenditures</i>	3,881,001	3,555,935	3,559,774	3,839
Other Financing Sources (Uses)				
Advances In	0	35,586	35,586	0
Refund of Prior Year Expenditures	0	54,512	54,512	0
Refund of Prior Year Receipts	0	(28,219)	(28,219)	0
Advances Out	0	(44,129)	(44,129)	0
Transfers Out	0	(4,153,113)	(4,153,113)	0
<i>Total Other Financing Sources (Uses)</i>	0	(4,135,363)	(4,135,363)	0
<i>Net Change in Fund Balance</i>	3,881,001	(579,428)	(575,589)	3,839
<i>Fund Balance Beginning of Year</i>	9,389,028	9,389,028	9,389,028	0
Prior Year Encumbrances Appropriated	383,851	383,851	383,851	0
<i>Fund Balance End of Year</i>	\$13,653,880	\$9,193,451	\$9,197,290	\$3,839

See accompanying notes to the financial statements

Wolf Creek Local School District, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Fund
June 30, 2020

Additions:	
Charges Received for OHSAA	<u><u>\$10,897</u></u>
Deductions:	
Distributions on Behalf of OHSAA	<u><u>\$10,897</u></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, 2020*

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 42 classified employees and 57 certificated full-time teaching personnel who provide services to 632 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 ensure 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, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District participates in three jointly governed organizations and three insurance purchasing pools. These organizations are the Metropolitan Educational Technology Association, the Washington County Career Center, the Coalition of Rural and Appalachian Schools, the Ohio School Benefits Cooperative, the Ohio School Plan, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Wolf Creek Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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, 2020

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position 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 position 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 position 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 deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are the descriptions of the School District's major governmental funds:

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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

Permanent Improvement Capital Projects Fund This fund accounts for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

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 position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's fiduciary fund, a custodial fund, is used to account for revenues and expenses related to the Ohio High School Athletic Association tournament 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 position. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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.

Like the government-wide statements, fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For the fiduciary fund, a statement of changes in fiduciary net position reports additions to and deductions from its custodial funds.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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 and the statements presented for fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, 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.

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 8). 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 Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding, pension, and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 15 and 16.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, extracurricular activities, charges for services, tuition and fees, miscellaneous revenues, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 14. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 15 and 16)

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" on the financial statements.

During fiscal year 2020, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$305,403, which includes \$5,623 assigned from other School District funds.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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, 2020, 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 expensed/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 position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and 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 acquisition 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	20 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	8 years

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

I. 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 termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

J. Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, 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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Internal 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.

M. Fund Balance

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

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education.

Unassigned The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

N. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

O. Pensions/Other Postemployment Benefits (OPEB)

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

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. For the fiscal year 2020, the School District reported no extraordinary or special items.

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, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the School District may appropriate.

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 - Changes in Accounting Principles

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The School District evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

For fiscal year 2020, the School District implemented GASB Statement No. 84, *Fiduciary Activities*, Statement No. 87, *Leases*, Statement No. 90, *Majority Equity Interests – An Amendment of GASB 14 & 61*, and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

For fiscal year 2020, the School District also implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the School District’s 2020 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District’s financial statements. The new classification of custodial funds is reporting a beginning net position of \$53,895. At June 30, 2019, agency funds reported assets and liabilities of \$53,895.

The implementation of GASB 84 had the following effect on fund balances and net position as reported June 30, 2019:

	General Fund	Permanent Improvement Capital Projects Fund	Other Governmental Funds	Total
Fund Balance 6/30/19	\$12,456,027	\$252,642	\$1,348,580	\$14,057,249
GASB 84	0	0	53,895	53,895
Restated Fund Balance 6/30/19	<u>\$12,456,027</u>	<u>\$252,642</u>	<u>\$1,402,475</u>	<u>\$14,111,144</u>

	Governmental Activities
Net Position 6/30/19	\$8,890,643
GASB 84	53,895
Restated Net Position 6/30/19	<u>\$8,944,538</u>

Note 4 - Fund Deficits

The Federal Grants Special Revenue Fund had a deficit fund balance as of June 30, 2020, of \$28,197 as a result of over-expended grant resources and accrued liabilities. The General Fund provides transfers to cover deficit balances in the special revenue fund; however, this is done when cash is needed rather than when accruals occur.

Wolf Creek Local School District, Ohio*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2020***Note 5 - Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total
Nonspendable:				
Prepays	\$118,549	\$0	\$6,118	\$124,667
Unclaimed Monies	575	0	0	575
Materials and Supplies Inventory	10,081	0	55	10,136
<i>Total Nonspendable</i>	129,205	0	6,173	135,378
Restricted for:				
Local Initiatives	0	0	123	123
State Grant Programs	0	0	18,372	18,372
Federal Grant Programs	0	0	8	8
Food Service Operations	0	0	44,194	44,194
Student Activities	0	0	187,344	187,344
Debt Service	0	0	595,813	595,813
<i>Total Restricted</i>	0	0	845,854	845,854
Committed for:				
Termination Benefits	150,000	0	0	150,000
DataTalk	17,409	0	0	17,409
Equipment	38,900	0	0	38,900
<i>Total Committed</i>	206,309	0	0	206,309
Assigned to:				
Capital Improvements	0	4,327,655	530,890	4,858,545
Purchases on Order	95,486	0	0	95,486
Public School Support	14,207	0	0	14,207
Fiscal Year 2021 Appropriations	2,218,040	0	0	2,218,040
<i>Total Assigned</i>	2,327,733	4,327,655	530,890	7,186,278
Unassigned (Deficit):	6,436,324	0	(30,464)	6,405,860
<i>Total Fund Balances</i>	\$9,099,571	\$4,327,655	\$1,352,453	\$14,779,679

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Note 6 - 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).
3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment of fund balance (GAAP basis).
4. Unrecorded and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
5. Advances in and advances out are operating transactions (budget basis) as opposed to Balance Sheet transactions (GAAP basis).
6. Budgetary revenues and expenditures of the Public School Support Fund are reclassified to the General Fund for GAAP reporting.

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

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balance	
GAAP Basis	(\$3,356,456)
Revenue Accruals	3,281,325
Expenditure Accruals	(58,031)
Beginning:	
Unreported Interest	22,619
Prepaid Items	115,026
Ending:	
Unreported Interest	(135,597)
Prepaid Items	(118,549)
Unreported Items	(1,217)
Advances In	35,586
Advances Out	(44,129)
To reclassify excess of expenditures over revenues into financial statement fund types	(151,004)
Encumbrances	<u>(165,162)</u>
Budget Basis	<u><u>(\$575,589)</u></u>

Note 7 - Deposits and Investments

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

Active deposits are public deposits 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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by eligible securities pledged by the financial institution as security for repayment.

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;

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

As of June 30, 2020, the School District had the following investments:

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level One Inputs				
Money Market Funds	\$2,056,988	7 Days	AAAm	57.84%
Federal Farm				
Credit Banks	<u>1,499,640</u>	Less than four years	AA+	42.16%
Total Investments	<u>\$3,556,628</u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2020. All of the School District's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk The School District's investment policy does not address interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

Note 8 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's 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 and public utility property located in the School District. Real property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute 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 2020 represents collections of calendar year 2019 taxes. Public utility real property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Washington County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility taxes which are measurable as of June 30, 2020, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is 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 inflows of resources – property taxes.

The amount available as an advance at June 30, 2020, was \$36,027 in the General Fund and \$3,333 in the Bond Retirement Fund. The amount available as an advance at June 30, 2019, was \$3,301,363 in the General Fund and \$233,842 in the Bond Retirement Fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$56,460,570	25.94%	\$61,579,630	27.70%
Commerical/Industrial and Public Utility Real	8,913,070	4.10%	9,196,680	4.14%
Public Utility Personal	152,282,240	69.96%	151,522,140	68.16%
	<u>\$217,655,880</u>	<u>100.00%</u>	<u>\$222,298,450</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$38.00	\$37.90	

Note 9 - Receivables

Receivables at June 30, 2020, consisted of property taxes, accounts (billings for user charged services and tuition and fees), 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 fiscal year guarantee of federal funds. Except for property taxes, all receivables are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be received within one year. The delinquent property taxes amounted to \$158,076.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
School Quality Improvement	\$39,325
6b IDEA Restoration	21,186
School Employees Retirement System	19,957
Federal School Lunch	17,130
Rural Education Achievement Program	11,907
Part B Idea	11,687
Title IV-A	10,258
Foundation Adjustments	6,925
Title II-A	2,394
Medicaid	2,118
Preschool 6b Restoration	690
Title I	578
Total	<u><u>\$144,155</u></u>

Note 10 - Interfund Activity

A. Interfund Balances

Unpaid interfund cash advances at June 30, 2020, were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$44,129	\$0
Nonmajor Special Revenue Funds:		
Miscellaneous Federal Grants	<u>0</u>	<u>44,129</u>
Total All Funds	<u><u>\$44,129</u></u>	<u><u>\$44,129</u></u>

The interfund balances result from the provision of cash flow resources from the General Fund until the receipt of grant monies by the grant funds.

B. Transfers

The General Fund made a \$4,000,000 transfer to the Permanent Improvement Capital Projects Fund to pay for future building improvements and capital acquisitions and \$3,113 to the Student Activities Special Revenue Fund to use unrestricted revenues collected in the General Fund to finance student programs accounted for in another fund in accordance with budgetary authorizations.

Note 11 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>6/30/2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2020</u>
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$19,171	\$0	\$0	\$19,171
Depreciable Capital Assets:				
Buildings and Improvements	11,178,133	64,783	0	11,242,916
Furniture and Equipment	1,497,770	95,870	0	1,593,640
Vehicles	1,139,906	0	0	1,139,906
Total Capital Assets being Depreciated	<u>13,815,809</u>	<u>160,653</u>	<u>0</u>	<u>13,976,462</u>
Less Accumulated Depreciation				
Buildings and Improvements	(4,803,611)	(320,502)	0	(5,124,113)
Furniture and Equipment	(1,398,510)	(24,824)	0	(1,423,334)
Vehicles	(902,889)	(42,476)	0	(945,365)
Total Accumulated Depreciation	<u>(7,105,010)</u>	<u>(387,802) *</u>	<u>0</u>	<u>(7,492,812)</u>
Total Capital Assets being Depreciated, Net	<u>6,710,799</u>	<u>(227,149)</u>	<u>0</u>	<u>6,483,650</u>
Capital Assets, Net	<u>\$6,729,970</u>	<u>(\$227,149)</u>	<u>\$0</u>	<u>\$6,502,821</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$303,098
Special	3,295
Vocational	2,944
Support Services:	
Pupils	625
Instructional Staff	802
Administration	693
Fiscal	583
Operation and Maintenance of Plant	16,341
Pupil Transportation	45,599
Food Service Operations	3,194
Extracurricular Activities	10,628
Total Depreciation Expense	<u>\$387,802</u>

Note 12 - Significant Commitments

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of governmental encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

General Fund	\$165,162
Nonmajor Funds	<u>97,750</u>
Total	<u><u>\$262,912</u></u>

Note 13 - 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 19).

The types and amounts of coverage provided by the Ohio School Plan are as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$30,580,334
Crime (\$1,000 deductible):	
Employee Theft	100,000
Forgery or Alteration	25,000
Inside Premises	10,000
Outside Premises	10,000
Liability:	
Bodily Injury and Property Damage	4,000,000
Personal and Advertising Injury	4,000,000
General Aggregate Limit	6,000,000
Completed Operations Aggregate Limit	4,000,000
Employers' - Stop Gap - Bodily Injury	4,000,000
Educational Legal - Errors and Omissions:	
Injury Limit	4,000,000
Aggregate Limit	6,000,000
Automobile Liability:	
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 2019.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

B. Worker's Compensation

For fiscal year 2020, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). 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 CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

Note 14 - 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; 45 days for classified and 50 days for certified for more than 24 years of service with this School District; and 60 days for certified employees having 30 or more years of service with the 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 with 20 years of service; 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; or 60 days subtracted from their total accumulated sick leave divided by 2; then multiplied by a fixed figure of \$85 with 30 or more 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 \$1,771 for family coverage, \$1,111 for employee with children coverage, \$1,215 for two adults' coverage, and \$695 for single coverage.

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

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Dental coverage is provided through Delta Dental. The School District also pays ninety percent of the total monthly premiums of \$70 for family coverage and \$23 for single coverage.

Note 15 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$152,031 for fiscal year 2020. Of this amount, \$16,349 is reported as an intergovernmental payable.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$456,980 for fiscal year 2020. Of this amount, \$78,407 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.03078890%	0.02580448%	
Current Measurement Date	<u>0.02967590%</u>	<u>0.02614272%</u>	
Change in Proportionate Share	<u>-0.00111300%</u>	<u>0.00033824%</u>	
Proportionate Share of the Net			<u>Total</u>
Pension Liability	\$1,775,560	\$5,781,305	\$7,556,865
Pension Expense	\$273,724	\$704,525	\$978,249

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$45,024	\$47,069	\$92,093
Changes of assumptions	0	679,126	679,126
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	22,719	81,545	104,264
School District contributions subsequent to the measurement date	<u>152,031</u>	<u>456,980</u>	<u>609,011</u>
Total Deferred Outflows of Resources	<u>\$219,774</u>	<u>\$1,264,720</u>	<u>\$1,484,494</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$25,026	\$25,026
Net difference between projected and actual earnings on pension plan investments	22,792	282,559	305,351
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>47,936</u>	<u>377,559</u>	<u>425,495</u>
Total Deferred Inflows of Resources	<u>\$70,728</u>	<u>\$685,144</u>	<u>\$755,872</u>

\$609,011 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$36,831	\$247,437	\$284,268
2022	(51,224)	(75,547)	(126,771)
2023	(1,517)	(95,269)	(96,786)
2024	<u>12,925</u>	<u>45,975</u>	<u>58,900</u>
Total	<u>(\$2,985)</u>	<u>\$122,596</u>	<u>\$119,611</u>

Actuarial Assumptions - SERS

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

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$2,488,196	\$1,775,560	\$1,177,928

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$8,448,734	\$5,781,305	\$3,523,191

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2020, one Board Member has elected Social Security. The contribution rate is 6.2 percent of wages.

Note 16 - Defined Benefit OPEB Plans

See Note 15 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For fiscal year 2020, the School District's surcharge obligation was \$21,595.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$21,595 for fiscal year 2020, of which all is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	
Proportion of the Net OPEB Liability:			
Prior Measurement Date	0.03133130%	0.02580448%	
Current Measurement Date	0.03048190%	0.02614272%	
Change in Proportionate Share	-0.00084940%	0.00033824%	
Proportionate Share of the:			Total
Net OPEB Liability	\$766,556	0	\$766,556
Net OPEB (Asset)	\$0	(\$432,986)	(\$432,986)
OPEB Expense	\$20,525	(\$154,755)	(\$134,230)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$11,252	\$39,254	\$50,506
Changes of assumptions	55,988	9,101	65,089
Net difference between projected and actual earnings on OPEB plan investments	1,840	0	1,840
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	35,714	1,947	37,661
School District contributions subsequent to the measurement date	21,595	0	21,595
Total Deferred Outflows of Resources	\$126,389	\$50,302	\$176,691
Deferred Inflows of Resources			
Differences between expected and actual experience	\$168,407	\$22,029	\$190,436
Changes of assumptions	42,955	474,718	517,673
Net difference between projected and actual earnings on OPEB plan investments	0	27,194	27,194
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	28,479	98,416	126,895
Total Deferred Inflows of Resources	\$239,841	\$622,357	\$862,198

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

\$21,595 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	(\$46,241)	(\$125,549)	(\$171,790)
2022	(18,599)	(125,549)	(144,148)
2023	(18,058)	(114,650)	(132,708)
2024	(18,145)	(110,828)	(128,973)
2025	(22,209)	(97,052)	(119,261)
Thereafter	<u>(11,795)</u>	<u>1,573</u>	<u>(10,222)</u>
Total	<u>(\$135,047)</u>	<u>(\$572,055)</u>	<u>(\$707,102)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
 Total	 <u>100.00 %</u>	

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019, was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019, (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$930,453	\$766,556	\$636,238

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$614,166	\$766,556	\$968,739

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 initial, 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020, to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

* Target weights will be phased in over a 24-month period concluding on July1, 2019.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$369,467)	(\$432,986)	(\$486,391)

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	(\$490,986)	(\$432,986)	(\$361,950)

Note 17 - Long-Term Obligations

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

	<u>Principal Outstanding 6/30/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/20</u>	<u>Amounts Due in One Year</u>
Governmental Activities					
2016 Advance Refunding Bonds:					
Term Bonds - 1.910%	\$3,965,000	\$0	\$470,000	\$3,495,000	\$485,000
Net Pension Liability:					
SERS	1,763,336	12,224	0	1,775,560	0
STRS	5,673,826	107,479	0	5,781,305	0
Total Net Pension Liability	7,437,162	119,703	0	7,556,865	0
Net OPEB Liability - SERS	869,215	0	102,659	766,556	0
Sick Leave Benefits	461,530	45,611	0	507,141	27,005
Total Governmental Activities Long-Term Liabilities	<u>\$12,732,907</u>	<u>\$165,314</u>	<u>\$572,659</u>	<u>\$12,325,562</u>	<u>\$512,005</u>

Sick leave benefits will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, Food Service, and Federal Grant Funds. There are no repayment schedules for the net pension and OPEB liabilities. However, employer pension contributions are made from the following funds: General Fund and the Food Service and Federal Grants Special Revenue Funds. For additional information related to the net pension and OPEB liabilities, see Notes 15 and 16.

On August 11, 2016, the School District issued \$4,880,000 in general obligation refunding bonds with an interest rate of 1.910 percent. The proceeds were used to current refund \$4,880,000 of outstanding Series 2012 general obligation refunding bonds, which had an interest rate of 3 percent. The net proceeds of \$4,957,267 (after payment of \$61,160 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the debt service payment on the refunded bonds. As a result, \$4,880,000 of the Series 2012 bonds are considered defeased and the liabilities for those bonds have been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by \$77,267. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt.

Wolf Creek Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

The term bonds are subject to redemption at the option of the School District, in whole, on or after December 1, 2016 on any date that is thirty days after notice of call for redemption, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Principal and interest requirements to retire the refunding bonds outstanding at June 30, 2019, are as follows:

Fiscal Year Ending	2016 General Obligation Bonds	
	Principal	Interest
2021	\$485,000	\$62,123
2022	495,000	52,764
2023	505,000	43,214
2024	525,000	33,378
2025	535,000	23,254
2026-2027	950,000	16,712
Total	<u>\$3,495,000</u>	<u>\$231,445</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.

The overall debt margin of the School District as of June 30, 2020, was \$17,098,934, with an unvoted debt margin of \$222,201.

Note 18 - Jointly Governed Organizations

A. Metropolitan Educational Technology Association (META)

The School District participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the Southeastern Ohio Voluntary Education Cooperative (SEOVEC) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district.

The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During 2020, the School District paid \$51,007 for services with META/MEC/SEOVEC. Financial information can be obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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, Joe Crone, Treasurer, at 21740 SR 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 over 136 school districts and other educational institutions in the 35-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 35 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 \$325 for fiscal year 2020. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 19 - Insurance Purchasing Pools

A. Ohio School Benefits Cooperative

The School District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants pay an initial \$500 membership fee to OSBC. OSBC offers two options to participants. The first option is that participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. The School District participates in the first option. The OSBC's business and affairs are

Wolf Creek Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

conducted by a nine member Board of Directors consisting of school district superintendents elected by the members of the OSBC. Medical Mutual/Antares is the Administrator for OSBC.

B. 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.

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

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (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 plan.

Note 20 - 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 acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior fiscal years, the School District was also required to set-aside money for textbooks.

The following cash basis information describes the change in the fiscal year end set aside amounts for 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, 2020*

	Capital Improvements
Set-aside Balance as of June 30, 2019	\$0
Current Year Set-aside Requirement	114,060
Offsetting Credits	(668,540)
Total	<u>(\$554,480)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>

The School District had offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future years.

Note 21 - Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2020, if applicable, cannot be determined at this time.

B. Litigation

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

C. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2020 are finalized. As a result, there was no significant impact of the FTE adjustments on the fiscal year 2020 financial statements.

Note 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Seven Fiscal Years (1)**

	2020	2019	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.0296759%	0.0307889%	0.0288315%	0.0297823%	0.0303334%	0.0302300%	0.0302300%
School District's Proportionate Share of the Net Pension Liability	\$1,775,560	\$1,763,336	\$1,722,619	\$2,179,791	\$1,730,852	\$1,797,681	\$1,529,923
School District's Covered Payroll	\$1,022,207	\$1,003,896	\$931,221	\$945,664	\$915,281	\$885,859	\$889,473
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	173.70%	175.65%	184.98%	230.50%	189.11%	202.93%	172.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Seven Fiscal Years (1)**

	2020	2019	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.02614272%	0.02580448%	0.02758135%	0.02907511%	0.02844888%	0.02862886%	0.02862886%
School District's Proportionate Share of the Net Pension Liability	\$5,781,305	\$5,673,826	\$6,552,007	\$9,732,316	\$7,862,437	\$8,294,911	\$6,963,650
School District's Covered Payroll	\$3,136,200	\$2,993,493	\$3,016,521	\$3,088,257	\$2,971,779	\$2,932,869	\$2,943,154
School District's Proportionate Share of the Net Share of the Net Pension Liability as a Percentage of its Covered Payroll	184.34%	189.54%	217.20%	315.14%	264.57%	282.83%	236.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.03048190%	0.03133130%	0.02926470%	0.03024580%
School District's Proportionate Share of the Net OPEB Liability	\$766,556	\$869,215	\$785,388	\$862,117
School District's Covered Payroll	\$1,022,207	\$1,003,896	\$931,221	\$945,664
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	74.99%	86.58%	84.34%	91.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.02614272%	0.02580448%	0.02758135%	0.02907511%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$432,986)	(\$414,651)	\$1,076,124	\$1,554,944
School District's Covered Payroll	\$3,136,200	\$2,993,493	\$3,016,521	\$3,088,257
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-13.81%	-13.85%	35.67%	50.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	174.70%	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

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Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017
Net Pension Liability				
Contractually Required Contribution	\$152,031	\$137,998	\$135,526	\$130,371
Contributions in Relation to the Contractually Required Contribution	<u>(152,031)</u>	<u>(137,998)</u>	<u>(135,526)</u>	<u>(130,371)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$1,085,936	\$1,022,207	\$1,003,896	\$931,221
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$21,595	\$24,044	\$22,372	\$15,984
Contributions in Relation to the Contractually Required Contribution	<u>(21,595)</u>	<u>(24,044)</u>	<u>(22,372)</u>	<u>(15,984)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.99%</u>	<u>2.35%</u>	<u>2.23%</u>	<u>1.72%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.99%</u>	<u>15.85%</u>	<u>15.73%</u>	<u>15.72%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
\$132,393	\$120,634	\$122,780	\$123,103	\$96,227	\$97,184
<u>(132,393)</u>	<u>(120,634)</u>	<u>(122,780)</u>	<u>(123,103)</u>	<u>(96,227)</u>	<u>(97,184)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$945,664	\$915,281	\$885,859	\$889,473	\$715,441	\$773,141
<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>	<u>12.57%</u>
\$15,582	\$23,824	\$16,847	\$17,347	\$16,384	\$24,509
<u>(15,582)</u>	<u>(23,824)</u>	<u>(16,847)</u>	<u>(17,347)</u>	<u>(16,384)</u>	<u>(24,509)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.65%</u>	<u>2.60%</u>	<u>1.90%</u>	<u>1.95%</u>	<u>2.29%</u>	<u>3.17%</u>
<u>15.65%</u>	<u>15.78%</u>	<u>15.76%</u>	<u>15.79%</u>	<u>15.74%</u>	<u>15.74%</u>

Wolf Creek Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Pension Liability				
Contractually Required Contribution	\$456,980	\$439,068	\$419,089	\$422,313
Contributions in Relation to the Contractually Required Contribution	<u>(456,980)</u>	<u>(439,068)</u>	<u>(419,089)</u>	<u>(422,313)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$3,264,143	\$3,136,200	\$2,993,493	\$3,016,521
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
\$432,356	\$416,049	\$381,273	\$382,610	\$329,636	\$396,003
<u>(432,356)</u>	<u>(416,049)</u>	<u>(381,273)</u>	<u>(382,610)</u>	<u>(329,636)</u>	<u>(396,003)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,088,257	\$2,971,779	\$2,932,869	\$2,943,154	\$2,535,662	\$3,046,177
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$29,329	\$29,432	\$25,357	\$30,462
<u>0</u>	<u>0</u>	<u>(29,329)</u>	<u>(29,432)</u>	<u>(25,357)</u>	<u>(30,462)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Wolf Creek Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuity Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward

Wolf Creek Local School District, Ohio

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2020

generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

Wolf Creek Local School District, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wolf Creek Local School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 23, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District. We also noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

August 23, 2022

OHIO AUDITOR OF STATE KEITH FABER



WOLF CREEK LOCAL SCHOOL DISTRICT

WASHINGTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/8/2022

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov