



Dave Yost • Auditor of State



**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Indian Creek Local School District  
Jefferson County  
587 Bantam Ridge Road  
Wintersville, Ohio 43953

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Creek Local School District, Jefferson County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Creek Local School District, Jefferson County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011, on our consideration of the 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Government Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The federal awards receipts and expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject 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.



**David Yost**  
Auditor of State

December 1, 2011

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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The management's discussion and analysis of Indian Creek Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. 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 fiscal year 2011 are as follows:

- The School District's capital assets increased due to additions to construction in progress on the new middle school building as well as to land improvements and various furniture and equipment additions.
- Outstanding debt obligations decreased during fiscal year 2011 due to annual payments on general obligation debt and notes payable.
- The School District's enrollment increased from 2,339 students in fiscal year 2010 to 2,378 students in fiscal year 2011.
- Program expenditures decreased in fiscal year 2011. Regular instruction did have an increase but this was more than offset by decreases in all other instructional services due to a reduction in staffing levels.

### **Using this Annual Financial Report**

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain 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. In the case of Indian Creek Local School District, the general fund and the classroom facilities capital projects fund are the more significant funds.

### **Reporting the School District as a Whole**

#### *Statement of Net Assets and the Statement of Activities*

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2011?" The *Statement of Net Assets* and the *Statement of Activities* answers 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. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District.

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are classified as governmental. Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service operations 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 funds. The School District uses many funds to account for a multitude 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 the classroom facilities capital projects fund.

*Governmental Funds*

Most of the School District's activities are reported as governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are 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 government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary Fund** The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for medical, surgical and dental self-insurance. The proprietary fund uses the accrual basis of accounting.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.



**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

**The School District as a Whole**

You may recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's Net Assets for 2011 compared to 2010:

(Table 1)  
 Net Assets  
 Governmental Activities

	2011	2010	Change
<b>Assets</b>			
Current and Other Assets	\$28,116,352	\$28,762,109	(\$645,757)
Capital Assets	7,049,040	5,942,721	1,106,319
<i>Total Assets</i>	<u>35,165,392</u>	<u>34,704,830</u>	<u>460,562</u>
<b>Liabilities</b>			
Current Liabilities	11,354,918	10,900,882	(454,036)
Long-Term Liabilities			
Due within One Year	709,330	546,703	(162,627)
Due in More than One Year	12,456,024	13,005,054	549,030
<i>Total Liabilities</i>	<u>24,520,272</u>	<u>24,452,639</u>	<u>(67,633)</u>
<b>Net Assets</b>			
Invested in Capital Assets			
Net of Related Debt	3,234,343	3,316,569	(82,226)
Restricted for:			
Capital Projects	5,622,127	5,079,441	542,686
Debt Service	532,157	299,086	233,071
Other Purposes	770,360	504,999	265,361
Unrestricted	486,133	1,052,096	(565,963)
<i>Total Net Assets</i>	<u><u>\$10,645,120</u></u>	<u><u>\$10,252,191</u></u>	<u><u>\$392,929</u></u>

The School District had an increase in total assets mainly due to an increase in capital assets resulting from current year additions to construction in progress on the new middle school building.

Total liabilities increased slightly due to increases in contracts payable for construction on the new middle school building and deferred revenue on property taxes. This increase was partially offset by a decrease in debt obligations which can be attributed to annual payments on the School District's general obligation bonds and tax anticipation notes.

In order to further understand what makes up the changes in net assets for the current year, the following table gives further details regarding the results of activities for 2011 and 2010.

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

(Table 2)  
Change in Net Assets  
Governmental Activities

	2011	2010	Change
<b>Revenues</b>			
<b><i>Program Revenues</i></b>			
Charges for Services and Sales	\$2,456,529	\$2,161,686	\$294,843
Operating Grants, Interest and Contributions	3,320,934	3,021,286	299,648
Capital Grants	665,920	3,591,033	(2,925,113)
<b><i>Total Program Revenues</i></b>	<b>6,443,383</b>	<b>8,774,005</b>	<b>(2,330,622)</b>
<b><i>General Revenues</i></b>			
Property Taxes	7,495,723	8,242,868	(747,145)
Grants and Entitlements not Restricted	9,746,302	10,153,633	(407,331)
Investment Earnings	95,765	185,981	(90,216)
Miscellaneous	154,526	94,998	59,528
<b><i>Total General Revenues</i></b>	<b>17,492,316</b>	<b>18,677,480</b>	<b>(1,185,164)</b>
<b><i>Total Revenues</i></b>	<b>23,935,699</b>	<b>27,451,485</b>	<b>(3,515,786)</b>
<b>Program Expenses</b>			
Current:			
Instruction:			
Regular	11,159,299	10,865,708	(293,591)
Special	2,656,020	3,048,020	392,000
Vocational	214,640	313,332	98,692
Adult/Continuing	1,249	3,251	2,002
Student Intervention Services	157,415	280,406	122,991
Support Services:			
Pupils	789,654	891,373	101,719
Instructional Staff	1,141,140	1,021,441	(119,699)
Board of Education	16,295	14,565	(1,730)
Administration	1,652,123	1,738,167	86,044
Fiscal	458,485	436,698	(21,787)
Operation and Maintenance of Plant	2,076,062	1,934,415	(141,647)
Pupil Transportation	1,131,891	1,104,043	(27,848)
Central	141,912	90,874	(51,038)
Extracurricular Activities	374,739	392,410	17,671
Operation of Non-Instructional Services	96,806	250,128	153,322
Operation of Food Service	872,118	906,825	34,707
Interest and Fiscal Charges	602,922	630,493	27,571
<b><i>Total Program Expenses</i></b>	<b>23,542,770</b>	<b>23,922,149</b>	<b>379,379</b>
<b><i>Increase in Net Assets</i></b>	<b>392,929</b>	<b>3,529,336</b>	<b>(3,136,407)</b>
<b>Net Assets Beginning of Year</b>	<b>10,252,191</b>	<b>6,722,855</b>	<b>3,529,336</b>
<b><i>Net Assets End of Year</i></b>	<b>\$10,645,120</b>	<b>\$10,252,191</b>	<b>\$392,929</b>

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

***Governmental Activities***

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay less than \$35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus School District's dependence upon property taxes is hampered by a lack of revenue growth so it must regularly return to the voters to maintain a constant level of service. Although the School District relies upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset operating costs.

Instructional expenses decreased due to a reduction in certified teaching staff. The School District continues to show vigilance in monitoring all facets of spending.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2011 compared to 2010.

(Table 3)  
 Total and Net Cost of Program Services  
 Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Instruction	\$14,188,623	\$9,736,885	\$14,510,717	\$7,864,141
Support Services:				
Pupils and Instructional Staff	1,930,794	1,238,913	1,912,814	1,216,032
Board of Education, Administration and Fiscal Operation and Maintenance of Plant	2,126,903	2,085,724	2,189,430	2,117,865
Pupil Transportation	2,076,062	2,041,930	1,934,415	1,918,815
Central	1,131,891	1,131,891	1,104,043	1,104,043
Extracurricular Activities	141,912	118,482	90,874	72,156
Operation of Non-Instructional Services	374,739	176,063	392,410	185,674
Operation of Food Service	96,806	16,320	250,128	41,262
Interest and Fiscal Charges	872,118	(49,743)	906,825	(2,337)
	602,922	602,922	630,493	630,493
<i>Total Expenses</i>	<i>\$23,542,770</i>	<i>\$17,099,387</i>	<i>\$23,922,149</i>	<i>\$15,148,144</i>

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

The dependence upon general revenues for governmental activities is apparent from Table 3. The majority of expenses are supported through taxes and other general revenues.

**The School District's Funds**

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. Despite a substantial decrease in expenditures, the general fund had a slight decrease in fund balance as a result of expenditures and other financing uses exceeding revenues. The classroom facilities capital projects fund had a decrease in fund balance resulting from a decrease in grant monies and an increase in capital outlay expenditures.

***General Fund Budgeting Highlights***

Budgeting is prescribed by the Ohio Revised Code. Essentially, the budget is the School District's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Revised Code. During the course of fiscal year 2011, the School District amended its general fund budget numerous times to allow for insignificant amendments. The School District uses a site-based budgeting system designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was higher than the original budget estimate. The change was mainly attributed to an increase in tuition and fees and property taxes. The final budget appropriations were higher than the original budget appropriations of the general fund due mainly to an increase in instructional expenses.

**Capital Assets and Debt Administration**

***Capital Assets***

Table 4 shows fiscal year 2011 balances compared to fiscal year 2010:

(Table 4)  
 Capital Assets at June 30  
 Net of Depreciation  
 Governmental Activities

	2011	2010	Change
Land	\$87,783	\$87,783	\$0
Construction in Progress	2,440,977	1,021,963	1,419,014
Land Improvements	200,533	234,566	(34,033)
Buildings and Improvements	3,599,474	3,777,482	(178,008)
Furniture and Fixtures	237,547	246,052	(8,505)
Vehicles	482,726	574,875	(92,149)
Total	\$7,049,040	\$5,942,721	\$1,106,319

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

The increase in capital assets was due to current year additions to land improvements, various furniture and equipment and construction in progress on the new middle school building. This increase was partially offset by an additional year of depreciation being taken. Ohio law requires school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks and instructional materials and supplies. For fiscal year 2011, this amounted to \$315,177 for each set aside. See Note 10 to the basic financial statements for additional information on the School District's capital assets and Note 20 for additional information regarding required set-asides.

**Debt**

Table 5 summarizes the long-term debt outstanding:

(Table 5)  
 Outstanding Long-Term Debt - Governmental Activities

	2011	2010	Change
School Facilities Bonds	\$11,347,443	\$11,541,424	(\$193,981)
Energy Conservation Bonds	457,594	528,315	(70,721)
<i>Total General Obligation Bonds</i>	11,805,037	12,069,739	(264,702)
Asbestos Abatement Loan	0	6,525	(6,525)
Capital Leases	125,620	190,523	(64,903)
<i>Totals</i>	<u>\$11,930,657</u>	<u>\$12,266,787</u>	<u>(\$336,130)</u>

The School Facilities general obligation bonds were issued for the School District's portion of the Ohio School Facilities Commission project. These bonds will be fully repaid in fiscal year 2037. The Energy Conservation bonds were issued for the purpose of upgrading buildings and reducing energy consumption and will be fully retired in fiscal year 2017. The Asbestos Abatement loan was for the purpose of removing asbestos around the School District. This loan was fully retired during fiscal year 2011.

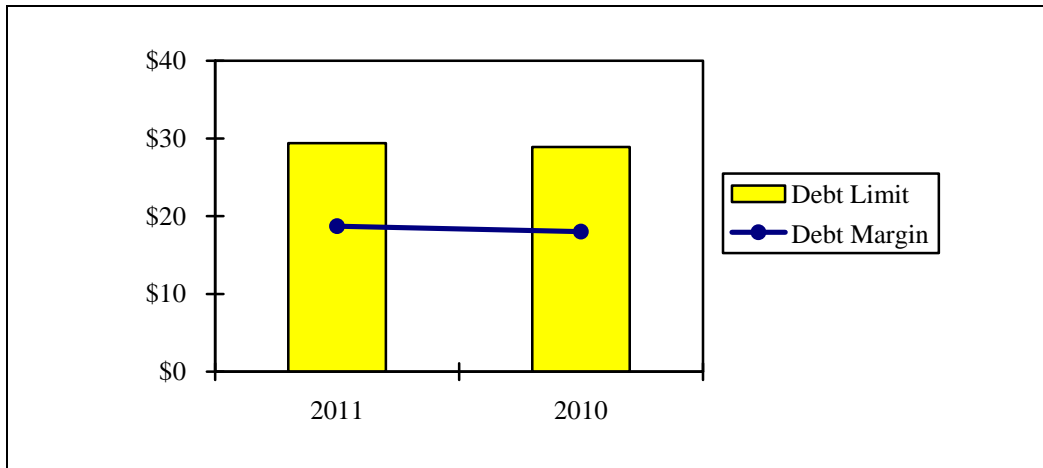
The School District's overall legal debt margin increased in fiscal year 2011. This is the additional amount of debt the School District could issue. The debt margin increased from fiscal year 2010 due to an increase in assessed property tax values as well as to a decrease in total outstanding debt as a result of annual debt payments. Additional information concerning debt issuances can be found in Note 18 to the basic financial statements.

**Graph 1**  
 Legal Debt Margin  
 (in millions)

	2011	2010
Overall Debt Limit	\$29.4	\$28.9
Overall Debt Margin	18.7	18.0

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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**Challenges and Opportunities**

Indian Creek Local School District has continued to maintain the highest standards of service to our students, parents and community. The School District is always presented with challenges and opportunities. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. Recent national events and their impact on the Indian Creek Local School District and the surrounding area are very much under review and analysis. Economic recession has had major impact on our industries. We have limited local industry, but we are a much diversified community with many residents working outside our School District in varying types of employment.

The School District is not without its share of challenges. The need for additional funds for operations is seen as the newest challenge for the School District the last couple fiscal years. Some of the challenges include the unpredictable future of State funding and the struggle to keep a competitive salary scale to retain quality personnel. Another example is seen in low interest rates being very good for issuing debt, but not attractive for maintaining investment revenues. And finally, actions of local and State governments continue to impact the School District. Like many school districts in the State of Ohio, the Indian Creek Local School District remains vigilant to financially meet the academic needs of all of the students as well as remain cost efficient in its operations.

As a result of the challenges mentioned, it is imperative the School District's management continue to carefully and prudently plan in order to meet the vision of the School District over the next several years. This vision is to provide all students with the opportunity to acquire the knowledge and skills to reach their potential within a secure and positive learning environment. In addition, the School District strives to assist students to become responsible citizens in an ever-changing society through effective programs and community involvement.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, 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 questions about this report or need additional financial information contact, Ms. Denise Todoroff, Treasurer at Indian Creek Local School District, 587 Bantam Ridge Road, Wintersville, Ohio 43953.

# Indian Creek Local School District

## Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$16,208,612
Cash and Cash Equivalents With Fiscal Agents	1,441,686
Accrued Interest Receivable	2,151
Accounts Receivable	40,000
Intergovernmental Receivable	306,555
Inventory Held for Resale	19,983
Materials and Supplies Inventory	71,265
Property Taxes Receivable	9,862,859
Deferred Charges	163,241
Nondepreciable Capital Assets	2,528,760
Depreciable Capital Assets, Net	<u>4,520,280</u>
<i>Total Assets</i>	<u>35,165,392</u>
<b>Liabilities</b>	
Accounts Payable	88,820
Accrued Wages and Benefits	1,854,845
Contracts Payable	183,193
Intergovernmental Payable	518,057
Matured Compensated Absences Payable	875,884
Accrued Interest Payable	47,102
Claims Payable	139,578
Deferred Revenue	6,856,933
Notes Payable	790,506
Long-Term Liabilities:	
Due Within One Year	709,330
Due in More Than One Year	<u>12,456,024</u>
<i>Total Liabilities</i>	<u>24,520,272</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	3,234,343
Restricted for:	
Capital Projects	5,622,127
Debt Service	532,157
Other Purposes	770,360
Unrestricted	<u>486,133</u>
<i>Total Net Assets</i>	<u><u>\$10,645,120</u></u>

See accompanying notes to the basic financial statements

**Indian Creek Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2011

	Program Revenues				Net
					Revenue/(Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants	and Changes in Net Assets
<b>Governmental Activities</b>					Governmental
					Activities
<b>Instruction:</b>					
Regular	\$11,159,299	\$1,604,519	\$1,067,229	\$631,788	(\$7,855,763)
Special	2,656,020	290,918	788,757	0	(1,576,345)
Vocational	214,640	32,548	10,487	0	(171,605)
Adult/Continuing	1,249	0	0	0	(1,249)
Student Intervention Services	157,415	25,492	0	0	(131,923)
<b>Support Services:</b>					
Pupils	789,654	0	94,043	0	(695,611)
Instructional Staff	1,141,140	0	597,838	0	(543,302)
Board of Education	16,295	0	0	0	(16,295)
Administration	1,652,123	0	18,424	0	(1,633,699)
Fiscal	458,485	0	22,755	0	(435,730)
<b>Operation and Maintenance</b>					
of Plant	2,076,062	0	0	34,132	(2,041,930)
Pupil Transportation	1,131,891	0	0	0	(1,131,891)
Central	141,912	0	23,430	0	(118,482)
Extracurricular Activities	374,739	195,543	3,133	0	(176,063)
<b>Operation of Non-Instructional</b>					
Services	96,806	0	80,486	0	(16,320)
Operation of Food Service	872,118	307,509	614,352	0	49,743
Interest and Fiscal Charges	602,922	0	0	0	(602,922)
<b>Totals</b>	<b>\$23,542,770</b>	<b>\$2,456,529</b>	<b>\$3,320,934</b>	<b>\$665,920</b>	<b>(17,099,387)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	6,436,294
Debt Service	719,272
Capital Outlay	204,094
Classroom Facilities Maintenance	136,063

Grants and Entitlements not Restricted

to Specific Programs	9,746,302
Investment Earnings	95,765
Miscellaneous	154,526

*Total General Revenues* 17,492,316

Change in Net Assets 392,929

*Net Assets Beginning of Year* 10,252,191

*Net Assets End of Year* \$10,645,120

See accompanying notes to the basic financial statements



**Indian Creek Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2011*

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$573,919	\$14,173,677	\$1,461,016	\$16,208,612
Accrued Interest Receivable	0	2,151	0	2,151
Accounts Receivable	40,000	0	0	40,000
Intergovernmental Receivable	16,372	0	290,183	306,555
Interfund Receivable	58,507	0	0	58,507
Inventory Held for Resale	0	0	19,983	19,983
Materials and Supplies Inventory	68,085	0	3,180	71,265
Property Taxes Receivable	8,572,529	0	1,290,330	9,862,859
<i>Total Assets</i>	<u>\$9,329,412</u>	<u>\$14,175,828</u>	<u>\$3,064,692</u>	<u>\$26,569,932</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$63,685	\$367	\$24,768	\$88,820
Accrued Wages and Benefits	1,660,682	0	194,163	1,854,845
Contracts Payable	0	183,193	0	183,193
Intergovernmental Payable	464,532	0	53,525	518,057
Interfund Payable	0	0	58,507	58,507
Accrued Interest Payable	0	0	3,281	3,281
Deferred Revenue	7,878,172	0	1,334,548	9,212,720
Matured Compensated Absences Payable	743,905	0	131,979	875,884
Notes Payable	0	0	790,506	790,506
<i>Total Liabilities</i>	<u>10,810,976</u>	<u>183,560</u>	<u>2,591,277</u>	<u>13,585,813</u>
<b>Fund Balances</b>				
Nonspendable	68,085	0	23,163	91,248
Restricted	0	13,992,268	1,303,377	15,295,645
Committed	25,000	0	0	25,000
Assigned	291,164	0	0	291,164
Unassigned (Deficit)	(1,865,813)	0	(853,125)	(2,718,938)
<i>Total Fund Balances</i>	<u>(1,481,564)</u>	<u>13,992,268</u>	<u>473,415</u>	<u>12,984,119</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$9,329,412</u>	<u>\$14,175,828</u>	<u>\$3,064,692</u>	<u>\$26,569,932</u>

See accompanying notes to the basic financial statements

**Indian Creek Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2011*

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<b>Total Governmental Funds Balances</b>	<b>\$12,984,119</b>
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*Amounts reported for governmental activities in the statement of net assets are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,049,040
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	2,172,226
Grants	183,561
Total	2,355,787

Bond issuance costs will be amortized over the life of the bonds on the statement of net assets.	163,241
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The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	1,302,108
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In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(43,821)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(11,805,037)
Compensated Absences	(1,234,697)
Capital Leases Payable	(125,620)
Total	(13,165,354)

<i>Net Assets of Governmental Activities</i>	<u><u>\$10,645,120</u></u>
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See accompanying notes to the basic financial statements

**Indian Creek Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$6,377,382	\$0	\$1,053,524	\$7,430,906
Intergovernmental	9,596,805	631,788	3,272,309	13,500,902
Interest	2,215	52,393	291	54,899
Charges for Services	3,817	0	307,509	311,326
Tuition and Fees	1,953,427	0	0	1,953,427
Extracurricular Activities	55,851	0	135,875	191,726
Rentals	50	0	0	50
Contributions and Donations	100,222	0	15,931	116,153
Miscellaneous	57,385	0	26,605	83,990
<i>Total Revenues</i>	<u>18,147,154</u>	<u>684,181</u>	<u>4,812,044</u>	<u>23,643,379</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	9,612,797	0	893,301	10,506,098
Special	1,795,874	0	862,932	2,658,806
Vocational	197,711	0	8,470	206,181
Adult/Continuing	1,249	0	0	1,249
Student Intervention Services	156,948	0	0	156,948
Support Services:				
Pupils	700,483	0	86,911	787,394
Instructional Staff	479,951	0	617,795	1,097,746
Board of Education	16,295	0	0	16,295
Administration	1,573,322	0	36,471	1,609,793
Fiscal	430,741	0	23,786	454,527
Operation and Maintenance of Plant	1,786,326	0	0	1,786,326
Pupil Transportation	996,456	0	1,327	997,783
Central	46,171	0	95,741	141,912
Extracurricular Activities	230,588	0	129,820	360,408
Operation of Non-Instructional Services	2,964	0	95,154	98,118
Operation of Food Service	0	0	863,784	863,784
Capital Outlay	0	1,520,842	174,069	1,694,911
Debt Service:				
Principal Retirement	71,428	0	280,721	352,149
Interest and Fiscal Charges	8,778	0	572,327	581,105
<i>Total Expenditures</i>	<u>18,108,082</u>	<u>1,520,842</u>	<u>4,742,609</u>	<u>24,371,533</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>39,072</u>	<u>(836,661)</u>	<u>69,435</u>	<u>(728,154)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	596,937	71,850	668,787
Transfers Out	(71,850)	0	(596,937)	(668,787)
<i>Total Other Financing Sources (Uses)</i>	<u>(71,850)</u>	<u>596,937</u>	<u>(525,087)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(32,778)</u>	<u>(239,724)</u>	<u>(455,652)</u>	<u>(728,154)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(1,448,786)</u>	<u>14,231,992</u>	<u>929,067</u>	<u>13,712,273</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$1,481,564)</u>	<u>\$13,992,268</u>	<u>\$473,415</u>	<u>\$12,984,119</u>

See accompanying notes to the basic financial statements

**Indian Creek Local School District**  
*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, 2011*

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**Net Change in Fund Balances -Total Governmental Funds** (\$728,154)

*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 capital outlay exceeded depreciation in the current period:

Capital Asset Additions	1,492,399	
Current Year Depreciation	(386,080)	
Total		1,106,319

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

Property Taxes	64,817	
Grants	115,810	
Total		180,627

Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 352,149

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

Accrued Interest	731	
Amortization of Bond Issuance Cost	(6,529)	
Amortization of Bond Premiums	15,127	
Amortization of Bond Discount	(7,215)	
Annual Accretion	(23,931)	
Total		(21,817)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (546,468)

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 50,273

*Change in Net Assets of Governmental Activities* \$392,929

See accompanying notes to the basic financial statements

**Indian Creek Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$6,453,485	\$6,628,485	\$6,628,485	\$0
Intergovernmental	9,636,152	9,603,243	9,603,243	0
Interest	2,200	2,210	2,215	5
Charges for Services	3,740	3,817	3,817	0
Tuition and Fees	1,639,706	1,953,305	1,953,427	122
Extracurricular Activities	61,215	55,851	55,851	0
Rentals	100	50	50	0
Contributions and Donations	102,180	100,222	100,222	0
Miscellaneous	102,934	87,066	61,117	(25,949)
<i>Total Revenues</i>	18,001,712	18,434,249	18,408,427	(25,822)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	9,089,773	9,497,658	9,497,658	0
Special	2,025,359	1,795,610	1,795,610	0
Vocational	283,960	235,166	235,166	0
Adult/Continuing	2,500	2,010	2,010	0
Student Intervention Services	205,569	206,443	206,443	0
Support Services:				
Pupils	717,731	733,680	733,680	0
Instructional Staff	545,795	496,029	496,029	0
Board of Education	13,790	16,303	16,303	0
Administration	1,582,090	1,574,827	1,574,827	0
Fiscal	415,935	430,600	430,600	0
Operation and Maintenance of Plant	1,937,174	1,863,115	1,862,815	300
Pupil Transportation	1,054,275	1,103,829	1,103,829	0
Central	4,623	46,680	46,680	0
Extracurricular Activities	194,152	236,387	236,387	0
Operation of Non-Instructional Services	1,137	197	197	0
Debt Service:				
Principal	6,525	6,525	6,525	0
<i>Total Expenditures</i>	18,080,388	18,245,059	18,244,759	300
<i>Excess of Revenues Over (Under) Expenditures</i>	(78,676)	189,190	163,668	(25,522)
<b>Other Financing Uses</b>				
Advances Out	0	(58,507)	(58,507)	0
Transfers Out	(67,000)	(71,850)	(71,850)	0
<i>Total Other Financing Uses</i>	(67,000)	(130,357)	(130,357)	0
<i>Net Change in Fund Balance</i>	(145,676)	58,833	33,311	(25,522)
<i>Fund Balance Beginning of Year</i>	201,778	201,778	201,778	0
Prior Year Encumbrances Appropriated	133,592	133,592	133,592	0
<i>Fund Balance End of Year</i>	\$189,694	\$394,203	\$368,681	(\$25,522)

See accompanying notes to the basic financial statements

**Indian Creek Local School District**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2011*

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	<u>Insurance</u>
<b>Assets</b>	
Cash and Cash Equivalents with Fiscal Agent	\$1,441,686
<b>Liabilities</b>	
Claims Payable	<u>139,578</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$1,302,108</u></u>

See accompanying notes to the basic financial statements

**Indian Creek Local School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2011*

	Insurance
<b>Operating Revenues</b>	
Charges for Services	\$1,882,000
Miscellaneous	70,536
<i>Total Operating Revenues</i>	1,952,536
<b>Operating Expenses</b>	
Purchased Services	194,887
Claims	2,345,274
<i>Total Operating Expenses</i>	2,540,161
<i>Operating Loss</i>	(587,625)
<b>Non-Operating Income</b>	
Interest	41,157
<i>Change in Net Assets</i>	(546,468)
<i>Net Assets Beginning of Year</i>	1,848,576
<i>Net Assets End of Year</i>	\$1,302,108

See accompanying notes to the basic financial statements

**Indian Creek Local School District**  
*Statement of Cash Flows*  
*Internal Service Fund*  
For the Fiscal Year Ended June 30, 2011

	Insurance
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$1,882,000
Cash Received from Other Sources	70,536
Cash Payments for Services	(194,887)
Cash Payments for Claims	(2,567,855)
<i>Net Cash Used for Operating Activities</i>	(810,206)
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	41,157
<i>Net Decrease in Cash and Cash Equivalents</i>	(769,049)
<i>Cash and Cash Equivalents Beginning of Year</i>	2,210,735
<i>Cash and Cash Equivalents End of Year</i>	\$1,441,686
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	(\$587,625)
<i>Adjustments:</i>	
Decrease in Claims Payable	(222,581)
<i>Net Cash Used for Operating Activities</i>	(\$810,206)

See accompanying notes to the basic financial statements



**Indian Creek Local School District**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2011*

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	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$38,561	\$58,634
<b>Liabilities</b>		
Due to Students	0	\$58,634
<b>Net Assets</b>		
Held in Trust for Scholarships	\$38,561	

See accompanying notes to the basic financial statements

**Indian Creek Local School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2011*

	Scholarship
<b>Additions</b>	
Interest	\$694
Contributions and Donations	4,400
<i>Total Additions</i>	5,094
<b>Deductions</b>	
College Scholarships Awarded	4,500
<i>Change in Net Assets</i>	594
<i>Net Assets Beginning of Year</i>	37,967
<i>Net Assets End of Year</i>	\$38,561

See accompanying notes to the basic financial statements

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 1 - Description of the School District and Reporting Entity**

Indian Creek Local School District (the School District) is organized under article VI, Section 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms.

The School District was established in 1966 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 75 square miles. It is located in Jefferson County, and includes all of the Village of Wintersville, the Village of Mingo Junction, the Village of Bloomingdale, and Cross Creek Township and portions of the City of Steubenville, Island Creek, Salem, Wayne and Steubenville Townships. It is staffed by 113 non-certified personnel, 149 certified teaching personnel and 11 administrative employees to provide services to 2,378 students and other community members. The School District operates six instructional buildings, one administrative building and three bus garages.

*Reporting Entity*

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

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

The School District is associated with two jointly governed organizations, two insurance purchasing pools and one risk sharing pool. These organizations are the Ohio Mid-Eastern Regional Education Service Agency, Jefferson County Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Rating Program, Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Note 21 and Note 22 of the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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internal service fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

***Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are 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, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the School District.

***Fund Financial Statements*** During the 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. The fiduciary fund is reported by type.

***Fund Accounting***

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

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

## **Indian Creek Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

**Classroom Facilities Capital Projects Fund** The classroom facilities capital projects fund accounts for the proceeds of notes and bonds as well as grants restricted for the building and equipping of classroom facilities.

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

**Proprietary Funds** Proprietary funds reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

**Internal Service Fund** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self insurance fund that accounts for medical, surgical, and dental claims for School District employees.

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

### **Measurement Focus**

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e.,

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

The private purpose trust fund is accounted for on a flow of economic resources measurement focus.

***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 the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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 year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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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.

***Budgetary Data***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. Prior to year end, the School District requested and received an amended certificate of estimated resources that closely reflects actual revenue for the fiscal year. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original and final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. 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. Prior to fiscal year-end, the School District passed an amended appropriation measure which matched appropriations to expenditures plus encumbrances in the majority of categories.

***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 School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2011, investments were limited to U.S. treasury notes, federal home loan bank notes, federal farm credit bank notes and STAR Ohio. Investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2011.

**Indian Creek Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$2,215, of which \$271 was assigned from other School District funds. Interest revenue credited to the classroom facilities capital project fund during fiscal year 2011 amounted to \$52,393, of which \$4,386 was assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

The School District participated in the OME-RESA insurance consortium for self-insurance. These monies are reflected on statement of net assets as “cash and cash equivalents with fiscal agents.” The Jefferson County Educational Service Center serves as the fiscal agent for the insurance consortium. The balances in these accounts are also presented as “cash and cash equivalents with fiscal agents.”

***Inventory***

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

***Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the capital asset to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five 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 and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	5 to 20 years
Buildings and Improvements	20 to 50 years
Furniture and Equipment	5 to 20 years
Vehicles	6 to 10 years



**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
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***Bond Issuance Costs***

Bond issuance costs for underwriting fees and bond insurance for the general obligation bonds are being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method.

As permitted by State Statute, the School District paid bond issuance costs from the bond proceeds and therefore does not consider that portion of debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

***Bond Premiums and Discounts***

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On the fund financial statements, bond premiums are received in the year the bonds are issued. On the governmental-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On the fund financial statements, bond discounts are expended in the year the bonds are issued.

***Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

***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 employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the general fund.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the internal service fund 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, and are reported as obligations of the funds. However, claims and judgments, compensated absences, contractually required pension contributions and retirement incentives 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 the payment during the current fiscal year. Bonds and capital lease obligations are recognized as a liability on the governmental fund financial statements when due.

***Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use 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 assets are available.

***Fund Balance***

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

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

***Restricted*** 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 imposed 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 use in satisfying those contractual requirements.

## **Indian Creek Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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**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 policies of the School District Board of Education.

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

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 amounts in any of the unrestricted fund balance classifications could be used.

### ***Internal Activity***

Transfers between governmental funds are eliminated on the Statement of Activities. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for 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.

### ***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenue and expenses not meeting these definitions are reported as non-operating.

### ***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.

### ***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.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**Note 3 – 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 the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Classroom Facilities	Nonmajor Governmental Funds	Total
<i><b>Nonspendable</b></i>				
Inventory	\$68,085	\$0	\$23,163	\$91,248
<i><b>Restricted for</b></i>				
Food Service Operations	0	0	242,406	242,406
Athletics	0	0	16,544	16,544
Community Involvement	0	0	24,687	24,687
Classroom Facilities Maintenance	0	0	420,934	420,934
Non-Public Schools	0	0	4,166	4,166
Instructional Services	0	0	42,123	42,123
Debt Service Payments	0	0	479,504	479,504
Capital Improvements	0	13,992,268	73,013	14,065,281
<i>Total Restricted</i>	0	13,992,268	1,303,377	15,295,645
<i><b>Committed to</b></i>				
Other Purposes	25,000	0	0	25,000
<i><b>Assigned to</b></i>				
Other Purposes	291,164	0	0	291,164
<i>Unassigned (Deficit)</i>	(1,865,813)	0	(853,125)	(2,718,938)
<i>Total Fund Balances</i>	<u>(\$1,481,564)</u>	<u>\$13,992,268</u>	<u>\$473,415</u>	<u>\$12,984,119</u>

**Note 4 – Change in Accounting Principles**

For fiscal year 2011, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 59, “Financial Instruments Omnibus”.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments by updating and improving existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of this statement did not result in any change in the School District’s financial statements.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 5 – Accountability**

Fund balances at June 30, 2011, included the following individual fund deficits:

<b>General Fund</b>	\$1,481,564
<b><i>Special Revenue Funds:</i></b>	
Public School Preschool	2,243
Title VI-B	54,951
Title II-D	58
Title I	169,399
Reducing Class Size	15,357
<b>Permanent Improvement Capital Projects Fund</b>	611,117

The general fund, special revenue funds and the capital projects fund have deficits caused by the recognition of expenditures on a modified accrual basis of accounting which are substantially greater than the expenditures recognized on a cash basis. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**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 Balance - Budget (Non-GAAP Basis) and Actual 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 basis are that:

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 restricted, committed, or assigned fund balance (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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Net Change in Fund Balance	
GAAP Basis	(\$32,778)
Net Adjustment for Revenue Accruals	261,273
Net Adjustment for Expenditure Accruals	68,561
Advance Out	(58,507)
Adjustment for Encumbrances	(205,238)
Budget Basis	\$33,311

**Note 7 - Deposits and Investments**

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

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

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

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

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**Indian Creek Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

At June 30, 2011, the School District's self-insurance internal service fund had a balance of \$1,441,686 with OME-RESA, a claims servicing pool (See Note 11). The money is held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB No. 40. The classification of cash and cash equivalents and investments for OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, Steubenville, Ohio 43952.

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$11,482,682 of the School District's bank balance of \$13,352,446 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
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**Investments**

As of June 30, 2011, the School District had the following investments:

	Fair Value	Maturity	Moody Rating	Percent of Total Investments
U.S. Treasury Notes	\$1,001,563	Less than one year	Aaa	33.17%
Federal Home Loan Bank Notes	1,002,320	Less than one year	Aaa	33.19%
Federal Farm Credit Bank Notes	1,000,360	Less than one year	Aaa	33.13%
STAR Ohio	15,310	Average 58.3 Days	N/A	N/A
Total Investments	<u>\$3,019,553</u>			

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. To date, no investments have been purchased with a life greater than three years.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Notes, Federal Home Loan Bank Notes and Federal Farm Credit Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Credit Risk** The Moody's rating's of the School District's investments are listed in the table above. STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

**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 property, public utility property and tangible personal property (used in business) located in the School District. Real property tax revenues received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December



**Indian Creek Local School District**

*Notes to the Basic Financial Statements  
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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 revenues received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 become a lien December 31, 2009, were levied after April 1, 2010 and are collected in calendar year 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Jefferson 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, 2011, are available to finance fiscal year 2011 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, public utility property and tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011 was \$710,729 in the general fund, \$83,489 in the bond retirement debt service fund, \$15,793 in the classroom facilities maintenance special revenue fund and \$23,689 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2010 was \$961,832 in the general fund, \$111,155 in the bond retirement debt service fund, \$21,016 in the classroom facilities maintenance special revenue fund and \$31,524 in the permanent improvement capital projects fund.

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

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
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The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2010 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$307,907,100	95.77 %	\$312,545,550	95.80 %
Public Utility Personal	12,925,670	4.02	13,691,630	4.20
Tangible Personal Property	670,430	0.21	0	0.00
Total	\$321,503,200	100.00 %	\$326,237,180	100.00 %
Tax rate per \$1,000 of assessed valuation	\$42.65		\$42.65	

**Note 9 - Receivables**

Receivables at June 30, 2011, consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Title I Grant	\$157,533
Title VI-B Grant	84,209
Reducing Class Size Grant	18,441
Early Childhood Education	18,054
State Employees Retirement System	16,372
Learn and Serve America	11,579
Education Jobs Grant	309
Title II-D Grant	58
Total	\$306,555

**Indian Creek Local School District**  
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**Note 10 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

<b>Governmental Activities</b>	Balance 06/30/10	Additions	Deductions	Balance 06/30/11
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$87,783	\$0	\$0	\$87,783
Construction in Progress	1,021,963	1,419,014	0	2,440,977
<b><i>Total Capital Assets not being Depreciated</i></b>	<b><u>1,109,746</u></b>	<b><u>1,419,014</u></b>	<b><u>0</u></b>	<b><u>2,528,760</u></b>
<b><i>Capital Assets being Depreciated:</i></b>				
Land Improvements	1,602,265	36,198	0	1,638,463
Buildings and Improvements	8,841,946	0	0	8,841,946
Furniture and Equipment	1,060,225	37,187	0	1,097,412
Vehicles	1,901,632	0	0	1,901,632
<b><i>Total Capital Assets being Depreciated</i></b>	<b><u>13,406,068</u></b>	<b><u>73,385</u></b>	<b><u>0</u></b>	<b><u>13,479,453</u></b>
Less Accumulated Depreciation:				
Land Improvements	(1,367,699)	(70,231)	0	(1,437,930)
Buildings and Improvements	(5,064,464)	(178,008)	0	(5,242,472)
Furniture and Equipment	(814,173)	(45,692)	0	(859,865)
Vehicles	(1,326,757)	(92,149)	0	(1,418,906)
<b><i>Total Accumulated Depreciation</i></b>	<b><u>(8,573,093)</u></b>	<b><u>(386,080) *</u></b>	<b><u>0</u></b>	<b><u>(8,959,173)</u></b>
<b><i>Total Assets being Depreciated, Net</i></b>	<b><u>4,832,975</u></b>	<b><u>(312,695)</u></b>	<b><u>0</u></b>	<b><u>4,520,280</u></b>
<b><i>Governmental Activities Capital Assets, Net</i></b>	<b><u>\$5,942,721</u></b>	<b><u>\$1,106,319</u></b>	<b><u>\$0</u></b>	<b><u>\$7,049,040</u></b>

\* Depreciation expense was charged to governmental functions as follow:

Instruction:	
Regular	\$144,668
Special	777
Support Services:	
Pupils	7,448
Administration	17,382
Operation and Maintenance of Plant	106,427
Pupil Transportation	86,460
Operation of Food Service	4,080
Extracurricular Activities	18,838
<b>Total Depreciation Expense</b>	<b><u>\$386,080</u></b>

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
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**Note 11 - Risk Management**

***Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for various types of insurance. Coverage is as follows:

Coverage	Amount
Property (\$250 Deductible)	\$54,003,315
Earth movement limit (\$50,000 Deductible)	2,000,000
Flood limit (\$50,000 Deductible)	2,000,000
Equipment Breakdown (\$250 Deductible)	50,000,000
Crime Coverage (\$250 Deductible)	100,000
General Liability	4,000,000
Employee benefits liability	4,000,000
Employee stop gap liability	4,000,000
General annual aggregate	6,000,000
Fire legal liability	500,000
Medical payments - occurrence	5,000
Aggregate limit	25,000
Educator's Legal Liability (\$1,000 Deductible)	4,000,000
Automobile Liability	
Bodily injury & property damage - per occurrence	4,000,000
Medical payments - occurrence	5,000
Aggregate limit	25,000
Uninsured/underinsured motorist	1,000,000
Automobile physical damage (\$500 Deductible)	Actual Cash Value
Garage keepers physical damage (\$500 Deductible)	100,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

***Worker's Compensation***

For fiscal year 2011, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 22). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
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***Employee Insurance Benefits***

The School District participated in the OME-RESA self insurance plan through March 31, 2011. The School District's monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. OME-RESA will continue to pay claims for those claims incurred through March 31, 2011. The run-out period with OME-RESA is through September 30, 2011.

Effective April 1, 2011, the School District exited the self-funded plan through OME-RESA. The School District is fully self-insured for medical, prescription, dental, life and vision insurance. Medical Mutual administers the medical and prescription insurance plan. Guardian administers the dental and life insurance plan. Superior Vision is the third party administrator for vision insurance. The administrators review all claims which are paid by the School District.

The claims liability of \$139,578 reported in the internal service fund at June 30, 2011, is estimated by and based on the requirements of the Governmental Accounting Standards Board Statement No. 30 which required that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the funds' claims liability amounts for 2010 and 2011 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2010	\$218,502	\$2,622,721	(\$2,479,064)	\$362,159
2011	362,159	2,345,274	(2,567,855)	139,578

**Note 12 – Interfund Transfers and Balances**

***Interfund Transfers***

The transfer from the general fund for \$71,850 to the educational management information systems special revenue fund was made to move unrestricted balances to support programs and projects accounted for in other funds. The permanent improvement and building construction capital project funds made transfers of \$19,745 and \$577,192 respectively, to the classroom facilities capital project fund for the portion of local budget monies for Ohio Schools Facilities Commission projects.

***Interfund Balances***

Interfund balances at June 30, 2011, consist of an interfund receivable/payable between the general fund and the nonmajor governmental funds in the amount of \$58,507. These loans were made to support programs and projects in various special revenue funds pending the receipt of grant money that will be used to repay the loans. These loans are expected to be repaid in one year.

**Indian Creek Local School District**  
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**Note 13 - Defined Benefit Pension Plans**

***School Employee Retirement System***

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS’ website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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 advices of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended June 30, 2011, the allocation to pension and death benefits is 11.81 percent. The remaining 2.19 percent of the 14 percent employer contributions rate is allocated to the Health Care and Medicare B funds. The School District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$264,395, \$295,845 and \$211,524 respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

***State Teachers Retirement System***

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

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

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
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only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$990,237 and \$4,370 for the fiscal year ended June 30, 2011, \$1,007,575 and \$4,222 for the fiscal year ended June 30, 2010, and \$1,015,508 and \$4,320 for the fiscal year ended June 30, 2009. For fiscal year 2011, 81.02 percent has been contributed for the DB plan and 81.02 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2011 were \$26,735 made by the School District and \$19,096 made by the plan members. In addition, member contributions of \$3,121 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

### **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, 2011, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages.

## **Note 14 - Postemployment Benefits**

### ***School Employee Retirement System***

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit OPEB plans administrated by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge

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for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800. During fiscal year 2011, the School District paid \$33,512 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$32,014, \$45,480 and \$140,177 respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010 and 2009, were \$17,014, \$17,593 and \$18,211 respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

***State Teachers Retirement System***

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$76,172, \$77,506 and \$78,116 respectively. For 2011, 81.02 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2010 and 2009.

**Note 15 - Other Employee Benefits**

***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to thirty days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Any employee receiving retirement severance pay is entitled to a dollar amount equivalent to thirty-five percent of all accumulated sick leave credited to that employee up to 40 days for certified and 40 days



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for classified employees. Classified employees can receive payment for up to an additional 22 days for every day over an accumulated 200 days.

***Life Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage for administrators is \$100,000, certified teachers is \$50,000 and classified employees \$10,000 to \$50,000 depending on hours contracted per week. Life insurance is covered through Guardian Life Insurance.

**Note 16 - Capital Leases**

The School District has existing leases for three school buses and various copiers and office equipment. The lease obligation meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards Number 13, "Accounting for Leases," and has been recorded on the government-wide statements. The original amounts capitalized for the capital leases and the book value as of June 30, 2011 follows:

	Amounts
Asset:	
Furniture and Equipment	\$86,438
Vehicles	246,138
Less: Accumulated depreciation	(95,230)
Current Book Value	\$237,346

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011.

Fiscal Year Ending June 30,	Governmental Activities
2012	\$73,679
2013	60,012
Total Minimum Lease Payments	133,691
Less: Amount Representing Interest	(8,071)
Present Value of Net Minimum Lease Payments	\$125,620

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**Note 17 – Notes Payable**

The School District’s note activity, including amounts outstanding and interest rates is as follows:

	Principal Outstanding 6/30/2010	Additions	Deductions	Principal Outstanding 6/30/2011
Permanent Improvement Fund 2009 4.98 % Tax Anticipation Notes	\$878,826	\$0	\$88,320	\$790,506
<b>Total Notes</b>	<b>\$878,826</b>	<b>\$0</b>	<b>\$88,320</b>	<b>\$790,506</b>

On March 20, 2009, the School District issued \$965,000 in permanent improvement levy tax anticipation notes for the purpose of building the Multi-Purpose Facility and for the Wintersville Elementary Masonry repair project. The coupon interest rate is 4.98 percent and the notes mature on December 1, 2018. The tax anticipation notes will be paid from the permanent improvement capital projects fund with property tax revenues. Principal and interest payments to retire the tax anticipation notes are as follows:

	Principal	Interest	Total
2012	\$90,519	\$37,113	\$127,632
2013	92,773	32,549	125,322
2014	95,083	27,872	122,955
2015	97,451	23,078	120,529
2016	99,877	18,164	118,041
2017-2019	314,803	23,773	338,576
<b>Total</b>	<b>\$790,506</b>	<b>\$162,549</b>	<b>\$953,055</b>

**Note 18 - Long-Term Obligations**

Original issue amounts and interest rates of the School District’s debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Fiscal Year of Maturity
2009 School Facilities Construction Bonds:			
Capital Interest Serial Bonds	2.50% to 3.50%	\$2,285,000	2020
Capital Appreciation Bonds	33.63%	44,999	2018
Current Issue Term Bonds	4.37% to 5.12%	9,270,000	2037
Energy Conservation Bonds - 2002	4.97%	984,816	2017
Asbestos Removal Loan - 1993	0.00%	234,965	2011

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

	Principal Outstanding 6/30/10	Additions	Deductions	Principal Outstanding 6/30/11	Amounts Due in One Year
<b>Governmental Activities</b>					
<b>General Obligation Bonds:</b>					
School Facilities Bonds					
Serial Bonds	\$2,000,000	\$0	\$210,000	\$1,790,000	\$215,000
Capital Appreciation Bonds	44,999	0	0	44,999	0
Accretion	20,722	23,931	0	44,653	0
Term Bonds	9,270,000	0	0	9,270,000	0
Premium on Bonds	393,288	0	15,127	378,161	0
Discount on Bonds	(187,585)	0	(7,215)	(180,370)	0
<i>Total School Facilities Bonds</i>	11,541,424	23,931	217,912	11,347,443	215,000
Energy Conservation Bonds	528,315	0	70,721	457,594	74,280
<i>Total General Obligation Bonds</i>	12,069,739	23,931	288,633	11,805,037	289,280
<b>Other Long Term Obligations</b>					
Asbestos Removal Loan	6,525	0	6,525	0	0
Capital Leases	190,523	0	64,903	125,620	68,098
Compensated Absences	1,284,970	180,992	231,265	1,234,697	351,952
<i>Total General Long-Term Obligations</i>	\$13,551,757	\$204,923	\$591,326	\$13,165,354	\$709,330

Capital lease obligations will be paid from the general fund. Compensated absences will be paid from the general fund and the food service, auxiliary services, public school preschool, title VI-B, title I, preschool and reducing class size special revenue funds.

On May 30, 1993, the School District obtained a loan in the amount of \$234,965 for the purpose of removing asbestos. The loan was issued with a zero percentage interest rate for an eighteen year period with a final maturity of November 30, 2010. This loan was retired during fiscal year 2011.

On May 20, 2002, the School District issued bonds in the amount of \$984,816 for the purpose of upgrading buildings and reducing energy consumption. The bonds were issued at a 4.97 percent interest rate for fifteen years. The bonds will be retired from the bond retirement debt service fund.

On March 17, 2009, the School District issued \$11,599,999 in school facilities construction bonds, which included serial, term and capital appreciation (deep discount) bonds in the amounts of \$2,285,000, \$9,270,000 and \$44,999, respectively. The bonds were issued at both a premium of \$408,414 and a discount of \$194,800. The school facilities construction bonds were issued for the purpose of building new schools within the Indian Creek Local Schools system. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2036. The bonds will be retired from the bond retirement debt service fund.

The serial, capital appreciation and current issue term bonds remained outstanding at June 30, 2011. The capital appreciation bonds were originally sold at a discount of \$525,001, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2016 and 2017.

**Indian Creek Local School District**

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The maturity amount of outstanding capital appreciation bonds at June 30, 2011 is \$570,000. The accretion recorded for 2011 was \$23,931, for a total outstanding bond liability of \$89,652 at June 30, 2011.

The term bonds maturing on December 1, 2024, 2029, 2034, 2036 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue			
	\$1,835,000	\$2,485,000	\$3,330,000	\$1,620,000
2020	\$325,000	\$0	\$0	\$0
2021	340,000	0	0	0
2022	375,000	0	0	0
2023	390,000	0	0	0
2025	0	445,000	0	0
2026	0	465,000	0	0
2027	0	490,000	0	0
2028	0	530,000	0	0
2030	0	0	585,000	0
2031	0	0	630,000	0
2032	0	0	665,000	0
2033	0	0	695,000	0
2035	0	0	0	790,000
<b>Total</b>	<b>\$1,430,000</b>	<b>\$1,930,000</b>	<b>\$2,575,000</b>	<b>\$790,000</b>
Stated Maturity	12/1/2024	12/1/2029	12/1/2034	12/1/2036

The remaining principal amount of the term bonds (\$405,000, \$555,000, \$755,000, and \$830,000) will mature at the stated maturity.

The School District's overall legal debt margin was \$18,735,851 with an unvoted debt margin of \$326,237 at June 30, 2011. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2011, are as follows:

Fiscal Year	General Obligation Bonds					
	Serial		Capital Appreciation		Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$215,000	\$52,581	\$0	\$0	\$0	\$447,844
2013	220,000	46,594	0	0	0	447,844
2014	245,000	39,619	0	0	0	447,844
2015	250,000	32,194	0	0	0	447,844
2016	260,000	24,543	0	0	0	447,844
2017-2021	600,000	62,632	44,999	525,001	325,000	2,232,110
2022-2026	0	0	0	0	1,955,000	1,963,963
2027-2031	0	0	0	0	2,625,000	1,434,163
2032-2036	0	0	0	0	3,535,000	679,506
2037	0	0	0	0	830,000	21,269
<b>Total</b>	<b>\$1,790,000</b>	<b>\$258,163</b>	<b>\$44,999</b>	<b>\$525,001</b>	<b>\$9,270,000</b>	<b>\$8,570,231</b>

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Fiscal Year	Energy Conservation Bond	
	Principal	Interest
2012	\$74,280	\$21,831
2013	78,018	18,093
2014	81,943	14,168
2015	86,066	10,044
2016	90,397	5,714
2017	46,890	1,165
Total	<u>\$457,594</u>	<u>\$71,015</u>

**Note 19 – Construction and Other Significant Commitments**

At June 30, 2011, the School District’s significant contractual commitments consisted of:

Company	Contract Amount	Amount Paid	Remaining on Contract
Colaianni Construction, Inc.	\$8,067,497	\$129,811	\$7,937,686
Wood Electric, Inc.	2,089,141	88,050	2,001,091
York Mahoning Mechanical Contractors	2,029,692	139,347	1,890,345
R.F. Scurlock Co.	1,014,106	470,283	543,823
MKC Associates, Incorporated	950,917	761,785	189,132
Bowen Foreman	824,429	467,708	356,721
Peterman Plumbing & Heating, Inc.	527,130	93,065	434,065
RNL Fire Systems LLC	129,500	2,979	126,521
Civil and Engineering Consultants, Incorporated	87,608	61,182	26,426
The Brewer-Garrett Company	44,429	14,662	29,767
AA Blueprint Company	38,961	29,440	9,521
Sommers Mobile Leasing	12,003	5,116	6,887
Lawhorn & Associates	7,660	0	7,660
Total	<u>\$15,823,073</u>	<u>\$2,263,428</u>	<u>\$13,559,645</u>

**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 purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future years.

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

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	Textbooks Instructional Materials Reserve	Capital Improvement Reserve
Set-aside Reserve Balance as of June 30, 2010	(\$546,419)	\$0
Current Year Set-aside Requirement	315,177	315,177
Offsets During the Fiscal Year:		
Permanent Improvement Levy Proceeds	0	(244,920)
Ohio School Facilities Commission principal and interest	0	(715,738)
Qualifying Disbursements	<u>(205,199)</u>	<u>(83,921)</u>
Totals	<u>(\$436,441)</u>	<u>(\$729,402)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>	<u>\$0</u>

Effective July 1, 2011, the textbook set aside is no longer required and has been removed from existing law. This negative balance is therefore not presented as being carried forward to future fiscal years.

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

**Note 21 - Jointly Governed Organizations**

**Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)** The Ohio Mid-Eastern Regional Educational Service Agency was created as a regional council of governments pursuant to State Statues. OME-RESA has twelve participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Monroe, Noble and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school district's elected boards, which possesses its own budgeting and taxing authority. OME-RESA provides financial accounting services, educational management information, internet access and cooperative purchasing services to member districts. The School District participates in the natural gas sales service program. This program allows schools to purchase natural gas at reduced rates. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage and any necessary adjustments are made. During fiscal year 2011, the total amount paid to OME-RESA from the School District was \$220,522 for cooperative gas purchasing services and \$72,502 for financial accounting services, educational management information, and internet access. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

**Jefferson County Joint Vocational School** The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards, which possesses its own

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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budgeting and taxing authority. During fiscal year 2011, the School District made no contributions to the Vocational School District. To obtain financial information write to the Jefferson County Joint Vocational School, Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910.

**Note 22 – Public Entity Pools**

***Insurance Purchasing Pool***

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

***The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan*** The School District participated in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self Insurance Plan through March 31, 2011. OME-RESA will continue to pay claims incurred through March 31, 2011. The run-out period with OME-RESA is through September 30, 2011. OME-RESA a risk-sharing, claims servicing, and insurance purchasing pool comprised of seventy-five members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$100,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$400,000, and all claims between the deductible and the \$400,000 are paid from the internal shared risk pool. The internal pool is not owned by the participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$400,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administration fee for fiscal services and third party administrative services.

***Shared Risk Pool***

***Schools of Ohio Risk Sharing Authority*** The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing pool with over 65 members. SORSA is a 100 percent member-owned, non-profit insurance risk pool owned and governed by the school district members. SORSA is governed by a Board of Directors comprised of representatives of school districts that participate in the program.

**Indian Creek Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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SORSA has agreements with several separate organizations whereby each provides certain administrative, executive, accounting, marketing, underwriting, claim settlement, legal counsel and other services to SORSA and its members. Pursuant to participation agreements with SORSA, each member school district agrees to pay all funding rates associated with the coverage elected. This coverage includes comprehensive general liability, property insurance and automobile liability insurance. To obtain financial information write to the Schools of Ohio Risk Sharing Authority, Executive Director, at 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483.

**Note 23 - Contingencies**

***Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

***Litigation***

The School District is not a party to any legal proceedings.



INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY

FEDERAL AWARDS EXPENDITURE SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
Non-Cash Assistance (Food Distribution):		10.555	\$35,751	\$35,751
Cash Assistance:				
National School Breakfast Program	05-PU-10	10.553	117,287	117,287
National School Lunch Program	04-PU-10	10.555	447,734	447,734
Cash Assistance Subtotal			565,021	565,021
Total U.S Department of Agriculture - Nutrition Cluster (Cash and Non-cash)			600,772	600,772
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
<b>Special Education Cluster:</b>				
Special Education Grants to States (IDEA Part B)	6B-SF-10 6B-SF-11	84.027	74,604 433,612	64,841 441,741
Special Education Grants to States - ARRA	FY 10 FY 11	84.391	75,393 119,917	46,981 129,950
Total Special Education Grants to States			703,526	683,513
Special Education - Preschool Grants	PG-S1-11	84.173	23,350	23,350
Special Education - Preschool - ARRA	FY 10	84.392	7,188	7,094
Total Special Education - Preschool Grants			30,538	30,444
Total Special Education Cluster			734,064	713,957
Title II A - Improving Teacher Quality	TRS1-2010 TRS1-2011	84.367	30,073 125,028	30,048 125,024
Total Title II A - Improving Teacher Quality			155,101	155,072
Title IID Education Technology State Grants	TJ-SI-2011	84.318	1,830	1,887
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-10 C1-S1-11	84.010	124,234 456,281	120,255 455,621
Title I Grant - ARRA	FY 10 FY 11	84.389	6,742 104,159	5,855 110,825
Total Grants to Local Educational Agencies (ESEA Title I)			691,416	692,556
Safe and Drug-Free Schools Grant to States	DR-S1-10 DR-S1-11	84.186	1,204 0	43 335
Total Safe and Drug-Free Schools Grants			1,204	378
State Fiscal Stabilization Fund- ARRA	FY 11	84.394	655,452	623,329
Education Jobs Fund	FY 11	84.410	31,613	31,922
Total U.S. Department of Education			\$2,270,680	\$2,219,101
<b>CORPORATION FOR NATIONAL &amp; COMMUNITY SERVICE</b>				
<i>Passed through the Ohio Department of Education</i>				
21st Century Grant Community Learning Centers 599 Learn & Serve America -School and Community Based Services	SV-SI-10 SV-SI-11	94.004	1,045 2,042	445 11,635
Total Corporation for National & Community Service			3,087	12,080
<b>Total Federal Awards</b>			<b>\$2,874,539</b>	<b>\$2,831,953</b>

The accompanying notes to this schedule are an integral part of this schedule.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO FEDERAL AWARDS EXPENDITURES SCHEDULE  
JUNE 30, 2011**

**A. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**B. CHILD NUTRITION CLUSTER**

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

**C. FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefited from the use of those donated food commodities. It is assumed federal monies are expended first. At June 30, 2011, the District had no significant food commodities in inventory.



# Dave Yost • Auditor of State

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

Indian Creek Local School District  
Jefferson County  
587 Bantam Ridge Road  
Wintersville, Ohio 43953

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Indian Creek Local School District, Jefferson County, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

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

### Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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*.

Indian Creek Local School District  
Jefferson County  
Independent Accountants' Report on Internal Control Over  
Over Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 1, 2011.

We intend this report solely for the information and use of management, the audit committee, Board of Education, and federal awarding agencies, and pass-through entities and others within the District. We intend it for no one other than these specified parties.

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

**David Yost**  
Auditor of State

December 1, 2011



# Dave Yost • Auditor of State

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

Indian Creek Local School District  
Jefferson County  
587 Bantam Ridge Road  
Wintersville, Ohio 43953

To the Board of Education:

### **Compliance**

We have audited the compliance of Indian Creek Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Indian Creek Local School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Indian Creek Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2011.

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### **Internal Control Over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 1, 2011.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**David Yost**  
Auditor of State

December 1, 2011

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other 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 internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	ARRA State Fiscal Stabilization Fund 84.394 84.367 Improving Teacher Quality 84.027,84.173,84.391, 84.392 IDEA Cluster 10.550's Nutrition Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Indian Creek Local School District  
Jefferson County  
587 Bantam Ridge Road  
Wintersville, Ohio 43953

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on March 18, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

December 1, 2011

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# Dave Yost • Auditor of State

INDIAN CREEK LOCAL SCHOOL DISTRICT

JEFFERSON COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 8, 2012