



Dave Yost • Auditor of State

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Statement of Net Position	13
Statement of Activities.....	14
Balance Sheet – Governmental Funds	15
Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	19
Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Fund	20
Statement of Cash Flows-Internal Service Fund	21
Statement of Fiduciary Net Position- Fiduciary Funds.....	22
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund	23
Notes to the Basic Financial Statements	24
Schedule of Federal Awards Receipts and Expenditures.....	53
Notes to the Schedule of Federal Awards Receipts and Expenditures	54
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Governmental Auditing Standards.....	55
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required By OMB Circular A-133	57
Schedule of Findings	59
Independent Accountants' Report on Applying Agreed-Upon Procedure	61

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Creek Local School District, Jefferson County, Ohio (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Creek Local School District, Jefferson County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Federal Awards Receipts and Expenditures presents additional analysis as 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 financial statements.

The Schedule of Federal Awards Receipts and Expenditures is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2014, 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.

That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

David Yost
Auditor of State
Columbus, Ohio

March 6, 2014

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Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

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, 2013. 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 2013 are as follows:

- The School District's capital assets increased from the completion of the new middle school building.
- Outstanding debt obligations increased during fiscal year 2013 due to the issuance of the School Facilities Hardship loan offset by annual payments on general obligation debt and notes payable.
- The School District's enrollment decreased from 2,368 students in fiscal year 2012 to 2,342 students in fiscal year 2013. Certified staff was decreased from 145 employees in fiscal year 2012 to 134 employees in fiscal year 2013.
- Program expenditures decreased in fiscal year 2013 as the School District continues to monitor expenses to ensure a positive outlook moving forward.

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 Position 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, the bond retirement debt service fund and the classroom facilities capital projects fund are the more significant funds.

Reporting the School District as a Whole

Statement of Net Position 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 2013?" The *Statement of Net Position* and the *Statement of Activities* answers this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources 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, 2013
Unaudited

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

In the Statement of Net Position 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 10. 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, the bond retirement debt service 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund The School District maintained 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 activity was closed permanently by the end of the fiscal year. 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, 2013
Unaudited

The School District as a Whole

You may recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's Net Position for 2013 compared to 2012:

(Table 1)
 Net Position
 Governmental Activities

	2013	2012	Change
Assets			
Current and Other Assets	\$13,148,587	\$20,184,097	(\$7,035,510)
Capital Assets	21,300,428	14,634,117	6,666,311
<i>Total Assets</i>	<u>34,449,015</u>	<u>34,818,214</u>	<u>(369,199)</u>
Liabilities			
Current Liabilities	2,993,195	4,169,151	1,175,956
Long-Term Liabilities			
Due within One Year	731,675	740,298	8,623
Due in More than One Year	12,696,005	12,305,840	(390,165)
<i>Total Liabilities</i>	<u>16,420,875</u>	<u>17,215,289</u>	<u>794,414</u>
Deferred Inflows of Resources	<u>6,998,614</u>	<u>7,437,614</u>	<u>439,000</u>
Net Position			
Net Investment in Capital Assets	9,437,257	3,150,232	6,287,025
Restricted for:			
Capital Projects	422,447	5,879,083	(5,456,636)
Debt Service	342,750	554,212	(211,462)
Other Purposes	1,213,745	1,021,330	192,415
Unrestricted (Deficit)	<u>(386,673)</u>	<u>(439,546)</u>	<u>52,873</u>
<i>Total Net Position</i>	<u><u>\$11,029,526</u></u>	<u><u>\$10,165,311</u></u>	<u><u>\$864,215</u></u>

The School District had a decrease in total assets mainly due to decreases in cash from payments to contractors in the building process. An increase in capital assets resulted from current year additions to the completion of the new middle school building.

Total liabilities increased due to the issuance of the School Facilities Hardship loan secured for additional construction. The School District also continued 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 position for the current year, the following table gives further details regarding the results of activities for 2013 and 2012.

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

(Table 2)
Change in Net Position
Governmental Activities

	2013	2012	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services and Sales	\$2,423,053	\$2,535,206	(\$112,153)
Operating Grants, Interest and Contributions	2,308,322	2,788,395	(480,073)
Capital Grants	484,168	356,611	127,557
<i>Total Program Revenues</i>	5,215,543	5,680,212	(464,669)
<i>General Revenues</i>			
Property Taxes	8,289,384	7,371,150	918,234
Grants and Entitlements not Restricted	9,613,706	9,599,580	14,126
Investment Earnings	4,194	53,151	(48,957)
Miscellaneous	10,444	27,395	(16,951)
<i>Total General Revenues</i>	17,917,728	17,051,276	866,452
<i>Total Revenues</i>	23,133,271	22,731,488	401,783
Program Expenses			
Current:			
Instruction:			
Regular	9,814,691	10,815,633	1,000,942
Special	2,516,315	2,285,458	(230,857)
Vocational	218,243	236,301	18,058
Adult/Continuing	2,100	2,510	410
Student Intervention Services	189,028	245,042	56,014
Support Services:			
Pupils	740,829	771,069	30,240
Instructional Staff	1,058,321	1,153,395	95,074
Board of Education	14,856	18,857	4,001
Administration	1,781,890	1,778,626	(3,264)
Fiscal	451,330	485,703	34,373
Operation and Maintenance of Plant	1,999,361	2,071,837	72,476
Pupil Transportation	1,041,238	1,170,517	129,279
Central	247,734	153,244	(94,490)
Extracurricular Activities	353,346	370,294	16,948
Operation of Non-Instructional Services	99,245	104,021	4,776
Operation of Food Service	994,840	953,707	(41,133)
Interest and Fiscal Charges	745,689	595,083	(150,606)
<i>Total Program Expenses</i>	22,269,056	23,211,297	942,241
<i>Change in Net Position</i>	864,215	(479,809)	1,344,024
Net Position Beginning of Year	10,165,311	10,645,120	(479,809)
<i>Net Position End of Year</i>	\$11,029,526	\$10,165,311	\$864,215

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
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. Intergovernmental revenue in the form of grant awards was significantly reduced as Federal award programs concluded.

Instructional expenses decreased due to a reduction in certified teaching staff. In addition to reducing the overall number of staff, the School District also had retirements from staff that were replaced by entry level teachers. 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 government activities, the total cost of services and the net cost of services for 2013 compared to 2012.

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

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Instruction	\$12,740,377	\$9,319,401	\$13,584,944	\$9,843,673
Support Services:				
Pupils and Instructional Staff	1,799,150	1,344,278	1,924,464	1,305,709
Board of Education, Administration and Fiscal Operation and Maintenance of Plant	2,248,076	2,110,489	2,283,186	2,243,259
Pupil Transportation	1,999,361	1,948,843	2,071,837	2,071,837
Central	1,041,238	1,041,238	1,170,517	1,137,854
Extracurricular Activities	247,734	238,734	153,244	142,444
Operation of Non-Instructional Services	353,346	186,547	370,294	197,423
Operation of Food Service	99,245	(830)	104,021	21,324
Interest and Fiscal Charges	994,840	119,124	953,707	(27,521)
	745,689	745,689	595,083	595,083
<i>Total Expenses</i>	<u>\$22,269,056</u>	<u>\$17,053,513</u>	<u>\$23,211,297</u>	<u>\$17,531,085</u>

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
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 15. These funds are accounted for using the modified accrual basis of accounting. Despite a substantial increase in revenues, the general fund had a slight decrease in fund balance as a result of expenditures exceeding revenues and other financing sources. The classroom facilities capital projects fund had a decrease in fund balance resulting from the completion of the middle school project in the form of 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 2013, 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 lower than the original budget estimate. The change was mainly attributed to a decrease in property tax revenue and tuition and fee income as projections became more accurate. The final budget appropriations were higher than the original budget appropriations of the general fund due mainly to increases in special instruction expenses.

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2013 balances compared to fiscal year 2012:

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

	2013	2012	Change
Land	\$87,783	\$87,783	\$0
Construction in Progress	0	10,205,787	(10,205,787)
Land Improvements	1,247,500	139,409	1,108,091
Buildings and Improvements	18,349,353	3,421,465	14,927,888
Furniture and Fixtures	1,149,932	216,958	932,974
Vehicles	465,860	562,715	(96,855)
Total	\$21,300,428	\$14,634,117	\$6,666,311

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The increase in capital assets was due in large part to the completion of the new middle school building and leases for new buses and copiers. 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. For fiscal year 2013, this amounted to \$371,477. See Note 9 to the basic financial statements for additional information on the School District's capital assets and Note 22 for additional information regarding required set-asides.

Debt

Table 5 summarizes the long-term debt outstanding:

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

	2013	2012	Change
School Facilities Bonds	\$10,973,747	\$11,157,177	(\$183,430)
School Facilities Hardship Loan	656,591	0	656,591
Energy Conservation Bonds	305,297	383,314	(78,017)
Capital Leases	165,963	194,797	(28,834)
<i>Totals</i>	\$12,101,598	\$11,735,288	\$366,310

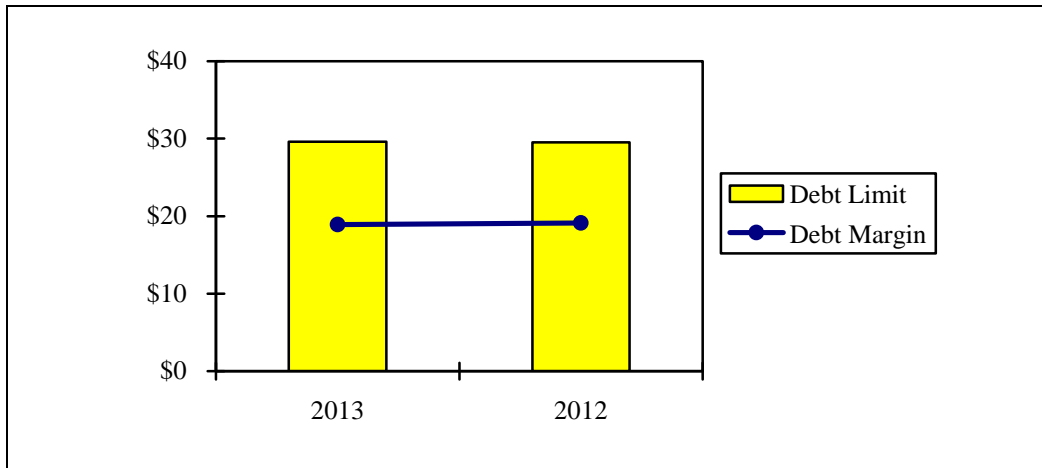
The School Facilities general obligation bonds were issued for the School District's portion of the Ohio School Facilities Commission project. These bonds will be fully repaid in fiscal year 2037. The School Facilities Hardship loan was issued for demolition of the old middle school and for further construction. This loan will be fully repaid in fiscal year 2018. 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 School District's overall legal debt margin decreased in fiscal year 2013. This is the additional amount of debt the School District could issue. The debt margin decreased from fiscal year 2012 due to an increase in total outstanding debt as a result of the issuance of the school facilities hardship loan offset by annual debt payments. Additional information concerning debt issuances can be found in Note 17 to the basic financial statements.

Graph 1
 Legal Debt Margin
 (in millions)

	2013	2012
Overall Debt Limit	\$29.6	\$29.5
Overall Debt Margin	18.9	19.1

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited



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, Denise Todoroff, Treasurer at Indian Creek Local School District, 587 Bantam Ridge Road, Wintersville, Ohio 43953.

Indian Creek Local School District

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,723,840
Accounts Receivable	510
Intergovernmental Receivable	466,924
Inventory Held for Resale	19,083
Materials and Supplies Inventory	71,817
Property Taxes Receivable	9,866,413
Nondepreciable Capital Assets	87,783
Depreciable Capital Assets, Net	<u>21,212,645</u>
<i>Total Assets</i>	<u>34,449,015</u>
Liabilities	
Accounts Payable	62,467
Accrued Wages and Benefits	1,622,364
Contracts Payable	66,645
Intergovernmental Payable	429,647
Matured Compensated Absences Payable	160,145
Accrued Interest Payable	44,713
Notes Payable	607,214
Long-Term Liabilities:	
Due Within One Year	731,675
Due in More Than One Year	<u>12,696,005</u>
<i>Total Liabilities</i>	<u>16,420,875</u>
Deferred Inflows of Resources	
Property Taxes	<u>6,998,614</u>
Net Position	
Net Investment in Capital Assets	9,437,257
Restricted for:	
Capital Projects	422,447
Debt Service	342,750
Other Purposes	1,213,745
Unrestricted (Deficit)	<u>(386,673)</u>
<i>Total Net Position</i>	<u><u>\$11,029,526</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, 2013

	Program Revenues				Net Revenue/(Expense) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$9,814,691	\$1,672,663	\$149,604	\$449,706	(\$7,542,718)
Special	2,516,315	308,957	800,368	0	(1,406,990)
Vocational	218,243	38,034	0	0	(180,209)
Adult/Continuing	2,100	1,644	0	0	(456)
Student Intervention Services	189,028	0	0	0	(189,028)
Support Services:					
Pupils	740,829	0	7,438	0	(733,391)
Instructional Staff	1,058,321	0	447,434	0	(610,887)
Board of Education	14,856	0	0	0	(14,856)
Administration	1,781,890	39,118	91,683	0	(1,651,089)
Fiscal	451,330	0	6,786	0	(444,544)
Operation and Maintenance of Plant	1,999,361	0	16,056	34,462	(1,948,843)
Pupil Transportation	1,041,238	0	0	0	(1,041,238)
Central	247,734	0	9,000	0	(238,734)
Extracurricular Activities	353,346	152,341	14,458	0	(186,547)
Operation of Non-Instructional Services	99,245	0	100,075	0	830
Operation of Food Service	994,840	210,296	665,420	0	(119,124)
Interest and Fiscal Charges	745,689	0	0	0	(745,689)
<i>Totals</i>	<u>\$22,269,056</u>	<u>\$2,423,053</u>	<u>\$2,308,322</u>	<u>\$484,168</u>	<u>(17,053,513)</u>

General Revenues

Property Taxes Levied for:

General Purposes	7,115,627
Debt Service	797,891
Capital Outlay	225,519
Classroom Facilities Maintenance	150,347
Grants and Entitlements not Restricted to Specific Programs	9,613,706
Investment Earnings	4,194
Miscellaneous	10,444

Total General Revenues 17,917,728

Change in Net Position 864,215

Net Position Beginning of Year 10,165,311

Net Position End of Year \$11,029,526

See accompanying notes to the basic financial statements

Indian Creek Local School District

Balance Sheet

Governmental Funds

June 30, 2013

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$311,910	\$515,944	\$644,072	\$1,251,914	\$2,723,840
Accounts Receivable	510	0	0	0	510
Intergovernmental Receivable	58,946	0	2,105	405,873	466,924
Interfund Receivable	43,727	4,025	0	0	47,752
Inventory Held for Resale	0	0	0	19,083	19,083
Materials and Supplies Inventory	68,085	0	0	3,732	71,817
Property Taxes Receivable	8,571,061	880,476	0	414,876	9,866,413
<i>Total Assets</i>	<u>\$9,054,239</u>	<u>\$1,400,445</u>	<u>\$646,177</u>	<u>\$2,095,478</u>	<u>\$13,196,339</u>
Liabilities					
Accounts Payable	\$43,746	\$0	\$0	\$18,721	\$62,467
Accrued Wages and Benefits	1,463,619	0	0	158,745	1,622,364
Contracts Payable	10,687	0	20,325	35,633	66,645
Intergovernmental Payable	394,196	0	0	35,451	429,647
Interfund Payable	4,025	0	0	43,727	47,752
Accrued Interest Payable	0	0	0	2,520	2,520
Matured Compensated Absences Payable	160,145	0	0	0	160,145
Notes Payable	0	0	0	607,214	607,214
<i>Total Liabilities</i>	<u>2,076,418</u>	<u>0</u>	<u>20,325</u>	<u>902,011</u>	<u>2,998,754</u>
Deferred Inflows of Resources					
Property Taxes	6,020,637	665,074	0	312,903	6,998,614
Unavailable Revenue	1,771,325	120,499	0	207,069	2,098,893
<i>Total Deferred Inflows of Resources</i>	<u>7,791,962</u>	<u>785,573</u>	<u>0</u>	<u>519,972</u>	<u>9,097,507</u>
Fund Balances					
Nonspendable	68,085	0	0	3,732	71,817
Restricted	0	614,872	625,852	1,153,381	2,394,105
Committed	16,811	0	0	0	16,811
Assigned	328,781	0	0	0	328,781
Unassigned (Deficit)	<u>(1,227,818)</u>	<u>0</u>	<u>0</u>	<u>(483,618)</u>	<u>(1,711,436)</u>
<i>Total Fund Balances</i>	<u>(814,141)</u>	<u>614,872</u>	<u>625,852</u>	<u>673,495</u>	<u>1,100,078</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$9,054,239</u>	<u>\$1,400,445</u>	<u>\$646,177</u>	<u>\$2,095,478</u>	<u>\$13,196,339</u>

See accompanying notes to the basic financial statements

Indian Creek Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2013*

Total Governmental Funds Balances	\$1,100,078
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Amounts reported for governmental activities in the statement of net position are different because

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	21,300,428
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Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:

Delinquent Property Taxes	1,948,943
Grants	149,950

Total	2,098,893
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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.	(42,193)
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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	(11,935,635)
Compensated Absences	(1,326,082)
Capital Leases Payable	(165,963)

Total	(13,427,680)
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<i>Net Position of Governmental Activities</i>	<u><u>\$11,029,526</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, 2013

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$7,017,084	\$791,192	\$0	\$372,688	\$8,180,964
Intergovernmental	9,487,798	134,779	449,706	2,265,447	12,337,730
Interest	1,734	0	2,223	237	4,194
Charges for Services	4,003	0	0	210,296	214,299
Tuition and Fees	1,990,921	0	0	0	1,990,921
Extracurricular Activities	43,069	0	0	145,970	189,039
Rentals	28,794	0	0	0	28,794
Contributions and Donations	24,292	0	0	16,393	40,685
Miscellaneous	10,200	0	0	6	10,206
<i>Total Revenues</i>	<u>18,607,895</u>	<u>925,971</u>	<u>451,929</u>	<u>3,011,037</u>	<u>22,996,832</u>
Expenditures					
Current:					
Instruction:					
Regular	9,676,988	0	0	66,162	9,743,150
Special	1,799,777	0	0	696,406	2,496,183
Vocational	212,595	0	0	434	213,029
Adult/Continuing	1,600	0	0	500	2,100
Student Intervention Services	187,457	0	0	163	187,620
Support Services:					
Pupils	730,891	0	0	8,394	739,285
Instructional Staff	600,414	0	0	462,817	1,063,231
Board of Education	14,856	0	0	0	14,856
Administration	1,640,643	0	0	79,503	1,720,146
Fiscal	428,021	20,479	0	3,862	452,362
Operation and Maintenance of Plant	1,914,451	0	0	9,135	1,923,586
Pupil Transportation	966,465	0	0	0	966,465
Central	238,734	0	0	9,000	247,734
Extracurricular Activities	237,643	0	0	110,012	347,655
Operation of Non-Instructional Services	986	0	0	102,595	103,581
Operation of Food Service	0	0	0	966,338	966,338
Capital Outlay	14,878	0	6,732,803	274,917	7,022,598
Debt Service:					
Principal Retirement	96,504	298,017	0	0	394,521
Interest and Fiscal Charges	8,586	512,531	0	32,164	553,281
<i>Total Expenditures</i>	<u>18,771,489</u>	<u>831,027</u>	<u>6,732,803</u>	<u>2,822,402</u>	<u>29,157,721</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(163,594)</u>	<u>94,944</u>	<u>(6,280,874)</u>	<u>188,635</u>	<u>(6,160,889)</u>
Other Financing Sources					
OSFC Hardship Loan Issued	0	0	656,591	0	656,591
Sale of Capital Assets	35,473	0	0	0	35,473
Inception of Capital Lease	67,670	0	0	0	67,670
Transfers In	16,584	0	0	0	16,584
<i>Total Other Financing Sources</i>	<u>119,727</u>	<u>0</u>	<u>656,591</u>	<u>0</u>	<u>776,318</u>
<i>Net Change in Fund Balances</i>	<u>(43,867)</u>	<u>94,944</u>	<u>(5,624,283)</u>	<u>188,635</u>	<u>(5,384,571)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(770,274)</u>	<u>519,928</u>	<u>6,250,135</u>	<u>484,860</u>	<u>6,484,649</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$814,141)</u>	<u>\$614,872</u>	<u>\$625,852</u>	<u>\$673,495</u>	<u>\$1,100,078</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, 2013*

Net Change in Fund Balances -Total Governmental Funds (\$5,384,571)

*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	7,474,470	
Current Year Depreciation	(636,214)	
Total	6,838,256	6,838,256

Governmental Funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (171,945)

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

Delinquent Property Taxes	108,420	
Grants	27,781	
Total	136,201	136,201

Other financing sources in the governmental funds increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities:

OSFC Hardship Loan	(656,591)	
Inception of Capital Lease	(67,670)	
Total	(724,261)	(724,261)

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 position. 394,521

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	873	
Amortization of Bond Issuance Cost	(156,711)	
Amortization of Bond Premiums	15,127	
Amortization of Bond Discount	(7,214)	
Annual Accretion	(44,483)	
Total	(192,408)	(192,408)

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. (16,346)

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. (15,232)

Change in Net Position of Governmental Activities \$864,215

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, 2013

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$6,931,995	\$6,766,018	\$6,766,018	\$0
Intergovernmental	9,270,658	9,428,852	9,428,852	0
Interest	2,500	1,703	1,734	31
Charges for Services	4,000	4,003	4,003	0
Tuition and Fees	2,073,135	1,950,396	1,950,405	9
Extracurricular Activities	0	98	98	0
Rentals	30,000	28,794	28,794	0
Contributions and Donations	7,500	8,500	8,500	0
Miscellaneous	13,746	11,093	11,170	77
<i>Total Revenues</i>	<u>18,333,534</u>	<u>18,199,457</u>	<u>18,199,574</u>	<u>117</u>
Expenditures				
Current:				
Instruction:				
Regular	9,891,080	9,834,184	9,834,184	0
Special	1,670,183	1,917,710	1,917,710	0
Vocational	227,459	227,738	227,738	0
Student Intervention Services	217,036	179,459	179,459	0
Support Services:				
Pupils	784,478	737,427	737,427	0
Instructional Staff	594,896	627,148	627,148	0
Board of Education	18,561	14,912	14,912	0
Administration	1,624,822	1,634,725	1,634,724	1
Fiscal	451,474	431,743	431,743	0
Operation and Maintenance of Plant	1,858,508	1,879,813	1,879,813	0
Pupil Transportation	1,159,087	1,079,398	1,079,398	0
Central	197,009	238,785	238,785	0
Extracurricular Activities	224,136	229,229	229,229	0
Operation of Non-Instructional Services	17,684	10,325	10,325	0
Capital Outlay	26,313	14,878	14,878	0
<i>Total Expenditures</i>	<u>18,962,726</u>	<u>19,057,474</u>	<u>19,057,473</u>	<u>1</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(629,192)</u>	<u>(858,017)</u>	<u>(857,899)</u>	<u>118</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	10,000	35,473	35,473	0
Advances In	129,785	129,785	129,785	0
Advances Out	(75,000)	0	0	0
Transfers In	16,584	16,584	16,584	0
<i>Total Other Financing Sources (Uses)</i>	<u>81,369</u>	<u>181,842</u>	<u>181,842</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(547,823)</u>	<u>(676,175)</u>	<u>(676,057)</u>	<u>118</u>
<i>Fund Balance Beginning of Year</i>	485,717	485,717	485,717	0
Prior Year Encumbrances Appropriated	<u>263,374</u>	<u>263,374</u>	<u>263,374</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$201,268</u>	<u>\$72,916</u>	<u>\$73,034</u>	<u>\$118</u>

See accompanying notes to the basic financial statements

Indian Creek Local School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2013*

	Insurance
Operating Revenues	
Miscellaneous	\$238
Operating Expenses	0
<i>Income before Transfers</i>	238
Transfers Out	(16,584)
<i>Change in Net Position</i>	(16,346)
<i>Net Position Beginning of Year</i>	16,346
<i>Net Position End of Year</i>	\$0

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, 2013

	Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Other Sources	\$238
Cash Flows from Noncapital and Related Financing Activities	
Transfers Out	(16,584)
<i>Net Decrease in Cash and Cash Equivalents</i>	(16,346)
<i>Cash and Cash Equivalents Beginning of Year</i>	16,346
<i>Cash and Cash Equivalents End of Year</i>	\$0
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$238
<i>Adjustments:</i>	0
<i>Net Cash Provided by Operating Activities</i>	\$238

See accompanying notes to the basic financial statements

Indian Creek Local School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$35,136	<u>\$59,905</u>
Liabilities		
Due to Students	<u>0</u>	<u>\$59,905</u>
Net Position		
Held in Trust for Scholarships	<u>\$35,136</u>	

See accompanying notes to the basic financial statements

Indian Creek Local School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2013

	Scholarship
Additions	
Interest	\$50
Contributions and Donations	2,500
<i>Total Additions</i>	2,550
Deductions	
College Scholarships Awarded	3,500
<i>Change in Net Position</i>	(950)
<i>Net Position Beginning of Year</i>	36,086
<i>Net Position End of Year</i>	\$35,136

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, 2013

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 103 non-certified personnel, 134 certified teaching personnel and 11 administrative employees to provide services to 2,342 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 obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District is associated with two jointly governed organizations, one 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, and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Note 18 and 19 of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Basis of Presentation

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

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

Fund Financial Statements During the 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. Fiduciary funds are 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. There are three categories of funds: 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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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.

Indian Creek Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Bond Retirement Fund The bond retirement debt service fund accounts for and reports tax levies that are restricted for the repayment of general obligation bonds of the School District.

Classroom Facilities Capital Projects Fund The classroom facilities capital projects fund accounts for and reports 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 position, 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. As of fiscal year end, the School District is no longer self-insured with the remaining balance in the internal service fund being transferred to the general fund.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (e.g., revenues and other financing sources) and uses (e.g., 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.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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 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 inflows/outflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, 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 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent

Indian Creek Local School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

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.

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

During fiscal year 2013, investments were limited to 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 net asset value per share which is the price the investment could be sold for on June 30, 2013.

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 2013 amounted to \$1,734, of which \$1,270 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.

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 position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the 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 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
For the Fiscal Year Ended June 30, 2013*

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 position.

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.

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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for 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.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 position is 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. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services and extracurricular activities.

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

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. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education, delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2014’s budget.

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.

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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 and after non-operating revenues/expenses in the internal service fund. 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.

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.

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:

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Fund Balances	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total
<i>Nonspendable</i>					
Materials and Supplies Inventory	\$68,085	\$0	\$0	\$3,732	\$71,817
<i>Restricted for</i>					
Food Service Operations	0	0	0	215,257	215,257
Athletics	0	0	0	115,463	115,463
Community Involvement	0	0	0	14,032	14,032
Classroom Facilities Maintenance	0	0	0	735,991	735,991
Instructional Services	0	0	0	70,079	70,079
Debt Service Payments	0	614,872	0	0	614,872
Capital Improvements	0	0	625,852	2,559	628,411
<i>Total Restricted</i>	0	614,872	625,852	1,153,381	2,394,105
<i>Committed to</i>					
Jefferson County	16,811	0	0	0	16,811
<i>Assigned to</i>					
Other Purposes	196,210	0	0	0	196,210
Fiscal Year 2014 Operations	85,740	0	0	0	85,740
Purchases on Order	46,831	0	0	0	46,831
<i>Total Assigned</i>	328,781	0	0	0	328,781
<i>Unassigned (Deficit)</i>	(1,227,818)	0	0	(483,618)	(1,711,436)
<i>Total Fund Balances (Deficit)</i>	(\$814,141)	\$614,872	\$625,852	\$673,495	\$1,100,078

Note 4 – Accountability

Fund balances at June 30, 2013, included the following individual fund deficits:

General Fund	\$814,141
<i>Special Revenue Funds:</i>	
Auxiliary Services	1,454
Public School Preschool	7,983
Miscellaneous State Grants	163
Permanent Improvement Capital Projects Fund	474,018

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 transfers when cash is required, not when accruals occur.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 5 - 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. Budgetary revenues and expenditures of the uniform school supplies and the public school support funds are classified to the general fund for GAAP reporting purposes.

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.

Net Change in Fund Balance	
GAAP Basis	(\$43,867)
Net Adjustment for Revenue Accruals	(236,240)
Perspective Difference:	
Uniform School Supplies	(22,125)
Public School Support	4,735
Net Adjustment for Expenditure Accruals	(290,658)
Adjustment for Encumbrances	(87,902)
Budget Basis	(\$676,057)

Note 6 - 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.

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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

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

Deposits

Custodial Credit Risk 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, \$2,331,627 of the School District's bank balance of \$2,865,536 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.

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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.

Investments

As of June 30, 2013, the School District had \$5 invested with STAR Ohio with an average maturity of 57.5 days.

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.

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 AAAM 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 7 - 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 and public utility property located in the School District. Real property tax revenues received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 become a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 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.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013 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 were levied to finance current fiscal year operations are 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 inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2013 was \$779,099 in the general fund, \$17,942 in the classroom facilities special revenue fund, \$94,903 in the bond retirement debt service fund and \$26,912 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2012, was \$528,033 in the general fund, \$11,968 in the classroom facilities special revenue fund, \$63,252 in the bond retirement debt service fund and \$17,953 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 First Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$313,401,505	95.65 %	\$313,389,765	95.38 %
Public Utility Personal	14,268,583	4.35	15,176,710	4.62
Total	\$327,670,088	100.00 %	\$328,566,475	100.00 %
 Tax rate per \$1,000 of assessed valuation	 \$42.65		 \$42.65	

Note 8 - Receivables

Receivables at June 30, 2013, 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 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:

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

<u>Governmental Activities</u>	<u>Amounts</u>
Title I Grant	\$186,102
Title VI-B Grant	139,148
Workers' Compensation Refund	58,946
Reducing Class Size Grant	52,513
Public School Preschool Grant	22,110
Title I School Improvements Grant	6,000
State of Ohio	2,105
Total	<u><u>\$466,924</u></u>

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

Governmental Activities	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
	06/30/12			06/30/13
<i>Capital Assets not being Depreciated:</i>				
Land	\$87,783	\$0	\$0	\$87,783
Construction in Progress	10,205,787	5,266,761	(15,472,548)	0
<i>Total Capital Assets not being Depreciated</i>	<u>10,293,570</u>	<u>5,266,761</u>	<u>(15,472,548)</u>	<u>87,783</u>
<i>Capital Assets being Depreciated:</i>				
Land Improvements	1,638,463	1,209,127	(106,927)	2,740,663
Buildings and Improvements	8,841,946	15,472,548	(737,923)	23,576,571
Furniture and Equipment	1,103,106	998,582	(165,542)	1,936,146
Vehicles	2,075,848	0	(107,504)	1,968,344
<i>Total Capital Assets being Depreciated</i>	<u>13,659,363</u>	<u>17,680,257</u>	<u>(1,117,896)</u>	<u>30,221,724</u>
Less Accumulated Depreciation:				
Land Improvements	(1,499,054)	(76,583)	82,474	(1,493,163)
Buildings and Improvements	(5,420,481)	(406,165)	599,428	(5,227,218)
Furniture and Equipment	(886,148)	(56,611)	156,545	(786,214)
Vehicles	(1,513,133)	(96,855)	107,504	(1,502,484)
<i>Total Accumulated Depreciation</i>	<u>(9,318,816)</u>	<u>(636,214) *</u>	<u>945,951</u>	<u>(9,009,079)</u>
<i>Total Assets being Depreciated, Net</i>	<u>4,340,547</u>	<u>17,044,043</u>	<u>(171,945)</u>	<u>21,212,645</u>
<i>Governmental Activities Capital Assets, Net</i>	<u><u>\$14,634,117</u></u>	<u><u>\$22,310,804</u></u>	<u><u>(\$15,644,493)</u></u>	<u><u>\$21,300,428</u></u>

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

* Depreciation expense was charged to governmental functions as follow:

Instruction:	
Regular	\$377,418
Special	777
Vocational	1,638
Support Services:	
Pupils	342
Administration	61,213
Operation and Maintenance of Plant	66,941
Pupil Transportation	90,910
Operation of Food Service	5,691
Extracurricular Activities	31,284
Total Depreciation Expense	<u><u>\$636,214</u></u>

Note 10 – Interfund Transfers and Balances

Interfund Transfers

The transfer from the self-insurance internal service fund for \$16,584 to the general fund was made to close out the self-insurance fund. The School District's health claims are now administered by Medical Mutual.

Interfund Balances

Interfund balances at June 30, 2013, consist of an interfund receivable/payable between the general fund and the other governmental funds in the amount of \$43,727. The interfund payable to the general fund was the result of deficit cash due to expenditures exceeding revenues in fiscal year 2013. The bond retirement debt service fund's interfund payable with the general fund is the result of a correction of an error in posting. These loans are expected to be repaid in one year.

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 2013, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for various types of insurance. Coverage is as follows:

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Coverage	Amount
Property	\$57,312,299
Earth movement limit (\$50,000 Deductible)	2,000,000
Flood limit (\$50,000 Deductible)	2,000,000
Equipment Breakdown	50,000,000
Crime Coverage (\$0 Deductible)	100,000
General Liability	12,000,000
Employee benefits liability	12,000,000
Employee stop gap liability	12,000,000
General annual aggregate	14,000,000
Fire legal liability	500,000
Medical payments - occurrence	5,000
Aggregate limit	25,000
Educator's Legal Liability	12,000,000
Automobile Liability	
Bodily injury & property damage - per occurrence	12,000,000
Medical payments - occurrence	5,000
Aggregate limit	25,000
Uninsured/underinsured motorist - per occurrence	1,000,000
Automobile physical damage (\$0 Deductible)	Actual Cash Value
Garage keepers physical damage (\$250,000 max)	Actual Cash Value

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 2013, the School District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

Note 12 - 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.

Indian Creek Local School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

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 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, 2013, the allocation to pension and death benefits is 13.10 percent. The remaining .90 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, 2013, 2012 and 2011 were \$275,739, \$285,454 and \$264,395 respectively. For fiscal year 2013, 98.94 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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.

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 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 the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one

Indian Creek Local School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. 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 \$907,834 and \$4,848 for the fiscal year ended June 30, 2013, \$957,749 and \$4,383 for the fiscal year ended June 30, 2012, and \$990,237 and \$4,370 for the fiscal year ended June 30, 2011. For fiscal year 2013, 83.74 percent has been contributed for the DB plan and the Combined Plan, respectively, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2013 were \$28,012 made by the School District and \$20,009 made by the plan members. In addition, member contributions of 3,463 were made for fiscal year 2013 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, 2013, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 13 - 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 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 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$37,637 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.

Indian Creek Local School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were 3,368, \$12,362 and \$32,014 respectively. For fiscal year 2013, 98.94 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011 were \$15,576, \$16,858 and \$17,014 respectively. For fiscal year 2013, 98.94 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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 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 2013, 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, 2013, 2012 and 2011 were 69,833, \$73,673 and \$76,172 respectively. For 2013, 83.74 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2012 and 2011.

Note 14 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators 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 do not earn vacation time.

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

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Insurance

The School District provides health insurance benefits with Medical Mutual of Ohio, dental insurance benefits with Guardian and vision insurance benefits with Superior Vision. Total costs for family coverage is \$1,332.16, \$62.31 and \$11.90 for medical, dental and vision, respectively. Total costs for single coverage is \$666.67, \$21.00 and \$4.71 for medical, dental and vision, respectively. Employees pay 5 percent of the premium for single coverage and 7 percent of the premium for family coverage for medical benefits. The School District pays 100 percent of dental and vision coverage.

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 15 - Capital Leases

The School District has existing leases for five school buses and various copiers and office equipment. The lease obligation meets the criteria of a capital lease. The original amounts capitalized for the capital leases and the book value as of June 30, 2013 follows:

	<u>Amounts</u>
Asset:	
Furniture and Equipment	\$123,354
Vehicles	<u>420,354</u>
Total Assets	543,708
Less: Accumulated depreciation	<u>(181,260)</u>
Current Book Value	<u><u>\$362,448</u></u>

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, 2013.

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2014	\$56,470
2015	56,470
2016	56,470
2017	<u>11,392</u>
Total Minimum Lease Payments	180,802
Less: Amount Representing Interest	<u>(14,839)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$165,963</u></u>

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 16 – Notes Payable

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

	Principal Outstanding 6/30/2012	Additions	Deductions	Principal Outstanding 6/30/2013
Permanent Improvement Fund 2009 4.98 % Tax Anticipation Notes	\$699,987	\$0	\$92,773	\$607,214

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
2014	\$95,083	\$27,872	\$122,955
2015	97,451	23,078	120,529
2016	99,877	18,164	118,041
2017	102,364	13,128	115,492
2018	104,913	7,966	112,879
2019	107,526	2,678	110,204
Total	\$607,214	\$92,886	\$700,100

Note 17 - 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
2013 School Facilities Hardship Loan	0.00%	656,591	2018
Energy Conservation Bonds - 2002	4.97%	984,816	2017

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

	Principal Outstanding 6/30/12	Additions	Deductions	Principal Outstanding 6/30/13	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds:					
School Facilities Bonds					
Serial Bonds	\$1,575,000	\$0	\$220,000	\$1,355,000	\$245,000
Capital Appreciation Bonds	44,999	0	0	44,999	0
Accretion	77,298	44,483	0	121,781	0
Term Bonds	9,270,000	0	0	9,270,000	0
Premium on Bonds	363,035	0	15,127	347,908	0
Discount on Bonds	(173,155)	0	(7,214)	(165,941)	0
<i>Total School Facilities Bonds</i>	11,157,177	44,483	227,913	10,973,747	245,000
School Facilities Hardship Loan	0	656,591	0	656,591	131,318
Energy Conservation Bonds	383,314	0	78,017	305,297	81,944
<i>Total General Obligation Bonds</i>	11,540,491	701,074	305,930	11,935,635	458,262
Other Long Term Obligations					
Capital Leases	194,797	67,670	96,504	165,963	49,393
Compensated Absences	1,310,850	367,184	351,952	1,326,082	224,020
<i>Total General Long-Term Obligations</i>	<u>\$13,046,138</u>	<u>\$1,135,928</u>	<u>\$754,386</u>	<u>\$13,427,680</u>	<u>\$731,675</u>

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 20, 2002, the School District issued energy conservation 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 October 18, 2012, the School District received a school facilities hardship loan in the amount of \$656,591 for the purpose of demolition of the old school building and further improvements. The loan is interest free over six years. The bonds will be retired from the bond retirement debt service fund. The School District had \$375,952 in unspent proceeds as of June 30, 2013.

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.

Indian Creek Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

The serial, capital appreciation and current issue term bonds remained outstanding at June 30, 2013. 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 2017 and 2018.

The maturity amount of outstanding capital appreciation bonds at June 30, 2012 is \$570,000. The accretion recorded for 2013 was \$44,483, for a total outstanding bond liability of \$166,780 at June 30, 2013.

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
Total	<u>\$1,430,000</u>	<u>\$1,930,000</u>	<u>\$2,575,000</u>	<u>\$790,000</u>
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 \$18,859,265 with an unvoted debt margin of \$328,566 at June 30, 2013. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2013, are as follows:

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Fiscal Year	General Obligation Bonds					
	Serial		Capital Appreciation		Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$245,000	\$39,619	\$0	\$0	\$0	\$447,844
2015	250,000	32,194	0	0	0	447,844
2016	260,000	24,544	0	0	0	447,844
2017	0	20,644	25,969	259,031	0	447,844
2018	0	20,644	19,030	265,970	0	447,844
2019-2023	600,000	21,346	0	0	1,040,000	2,173,157
2024-2028	0	0	0	0	2,195,000	1,775,309
2029-2033	0	0	0	0	2,965,000	1,162,756
2034-2037	0	0	0	0	3,070,000	324,100
Total	\$1,355,000	\$158,991	\$44,999	\$525,001	\$9,270,000	\$7,674,542

Fiscal Year	School Facilities		
	Hardship Loan	Energy Conservation Bond	
	Principal	Principal	Interest
2014	\$131,318	\$81,944	\$14,168
2015	131,318	86,066	10,044
2016	131,318	90,397	5,714
2017	131,318	46,890	1,165
2018	131,319	0	0
Total	\$656,591	\$305,297	\$31,091

Note 18 - 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, Monroe, Muskingum, 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, plus a joint vocational service representative, the fiscal agent superintendent and a treasurer, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. 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 2013, the School District no longer paid OME-RESA directly for the gas purchases, but instead paid the gas vendor. The School District paid OME-RESA \$134,007 for financial accounting services, educational management information, and internet access for fiscal year 2013. 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.

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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 budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2013, 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 19 – 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 Retrospective 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.

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.

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 20 - Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Litigation

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

Note 21 – Change in Accounting Principles

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements, Statement No. 61, “The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34, Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”, Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” , Statement No. 65, “Items Previously Reported as Assets and Liabilities” and Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units’ presentation and certain disclosure requirements. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. 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, 2013

Note 22 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by 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 capital acquisitions. Disclosure of this information is required by State statute.

	<u>Capital Improvement</u>
Set-aside Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	371,477
Offsets During the Fiscal Year:	
Permanent Improvement Levy Proceeds	(248,916)
Ohio School Facilities Commission principal and interest	(714,437)
Qualifying Disbursements	(212,282)
Totals	(\$804,158)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Balance as of June 30, 2013	\$0

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 23 – Significant Commitments

Contractual Commitments

At June 30, 2013, the School District’s significant contractual commitments consisted of:

Company	Contract Amount	Amount Paid	Remaining on Contract
Colaiani Construction, Inc.	\$8,437,432	\$8,164,028	\$273,404
Wood Electric, Inc.	2,095,935	2,060,754	35,181
MKC Associates, Incorporated	950,917	941,579	9,338
Bowman Foreman	871,942	836,039	35,903
The Brewer-Garrett Company	44,429	41,696	2,733
Lawhorn & Associates	7,660	5,362	2,298
Total	\$12,408,315	\$12,049,458	\$358,857

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Encumbrances

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

<i>Major Funds:</i>	
General	\$87,902
Classroom Facilities	9,271
<i>Other Governmental Funds</i>	<u>142,461</u>
<i>Total Governmental</i>	<u><u>\$239,634</u></u>

INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education: Child Nutrition Cluster:</i>				
Non-Cash Assistance (Food Distribution):		10.555	\$35,506	\$35,506
Cash Assistance:				
School Breakfast Program	05-PU-13	10.553	152,937	152,937
National School Lunch Program	04-PU-13	10.555	442,168	442,168
Cash Assistance Subtotal			595,105	595,105
Total U.S Department of Agriculture - Nutrition Cluster (Cash and Non-cash)			630,611	630,611
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States (IDEA Part B)	6B-SF-12 6B-SF-13	84.027	107,988 358,398	86,051 394,392
Dyslexia Pilot Project Grant			40,000	40,000
Total Special Education Grants to States			506,386	520,443
Special Education - Preschool Grants	PG-S1-13	84.173	23,425	23,425
Total Special Education - Preschool Grants			23,425	23,425
Total Special Education Cluster			529,811	543,868
Title II A - Improving Teacher Quality State Grants	TRS1-2012 TRS1-2013	84.367	21,033 73,534	19,947 73,857
Total Title II A - Improving Teacher Quality			94,567	93,804
Title IID Education Technology State Grants	TJ-SI-2012	84.318	4,632	4,632
Total Title IID Education Technology State Grants			4,632	4,632
Title I Grants to Local Educational Agencies	C1-S1-12 C1-S1-13	84.010	160,002 447,541	152,780 448,600
Title I School Improvement	2012 2013		49,000	49,000
Title I Grant - ARRA	FY 11	84.389	613	613
Total Grants to Local Educational Agencies (ESEA Title I)			657,156	656,993
Education Jobs Fund	FY 12	84.410	73,471	73,146
Total Education Jobs Fund			73,471	73,146
Total U.S. Department of Education			\$1,359,637	\$1,372,443
Total Federal Awards			\$1,990,248	\$2,003,054

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

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the "Schedule") reports the Indian Creek Local School District's (the "District's") federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE 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 assumes it expends federal monies first.

NOTE 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.



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Creek Local School District, Jefferson County, (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 6, 2014 wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



David Yost
Auditor of State
Columbus, Ohio

March 6, 2014



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Indian Creek Local School District's (the "District") compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Indian Creek Local School District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Indian Creek Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



David Yost
Auditor of State
Columbus, Ohio

March 6, 2014

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material 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	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #10.553 and #10.555 - 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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Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

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

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Indian Creek Local School District (the "District") has updated its anti-harassment policy in accordance with Ohio Revised 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 September 20, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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 this specified party.

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

Dave Yost
Auditor of State

March 6, 2014

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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
APRIL 8, 2014**