



OHIO AUDITOR OF STATE  
**KEITH FABER**





**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY  
JUNE 30, 2018**

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JEFFERSON COUNTY  
JUNE 30, 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



## 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 the Indian Creek Local School District, Jefferson County, Ohio (the District), as of and for the year ended June 30, 2018, 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit 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 the Indian Creek Local School District, Jefferson County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 22 to the financial statements, during the year ended June 30, 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2019, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

March 20, 2019

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**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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The management's discussion and analysis of Indian Creek Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. 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 2018 are as follows:

- Net position increased significantly in fiscal year 2018 due mainly to changes in the net pension liability and net OPEB liability and the deferred outflows and deferred inflows of resources associated with these liabilities as well as an increase in cash and cash equivalents and property taxes receivable. The increase in net position was partially offset by an increase in property taxes deferred inflows and a decrease in net capital assets resulting from current year depreciation outpacing capital asset additions.
- Total program expenses decreased in fiscal year 2018 due to changes in the net pension liability and net OPEB liability. Program expenses excluding amounts related to the net pension and net OPEB liabilities actually increased due to higher purchased service costs during fiscal year 2018. Salaries and benefits also increased over the prior fiscal year largely attributable to certified and classified employees receiving base wage increases of three percent in fiscal year 2018.
- On May 8, 2018, the School District passed a 6.1 mill bond levy for the purpose of constructing, improving and renovating school facilities under the Exceptional Needs Program of the Ohio Facilities Construction Commission. The project will include the renovation of Hills Elementary, building a new elementary to replace Wintersville Elementary and building a new high school to replace the current Indian Creek High School and other site issues as the project determines. The School District will begin collecting on the levy in 2019 which will generate approximately \$2.26 million per year to meet expected debt service payments.
- The School District's major capital asset additions include various furniture and equipment and two buses.

**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 and the bond retirement debt service fund are the more significant funds.

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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**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 fiscal year 2018?" 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.

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 13. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement debt service 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.

***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, 2018*  
*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 fiscal year 2018 compared to fiscal year 2017:

(Table 1)  
Net Position  
Governmental Activities

	2018	2017	Change
<b>Assets</b>			
Current and Other Assets	\$16,439,417	\$14,519,696	\$1,919,721
Capital Assets, Net	18,722,110	19,341,330	(619,220)
<i>Total Assets</i>	<u>35,161,527</u>	<u>33,861,026</u>	<u>1,300,501</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	1,090,995	1,153,335	(62,340)
Pension	5,553,813	4,867,361	686,452
OPEB	190,899	41,386	149,513
<i>Total Deferred Outflows of Resources</i>	<u>6,835,707</u>	<u>6,062,082</u>	<u>773,625</u>
<b>Liabilities</b>			
Current Liabilities	2,187,180	2,343,152	155,972
Long-Term Liabilities			
Due Within One Year	430,174	525,385	95,211
Due In More Than One Year			
Net Pension Liability	18,822,302	26,105,250	7,282,948
Net OPEB Liability	4,367,786	5,447,282	1,079,496
Other Amounts	12,633,423	13,037,025	403,602
<i>Total Liabilities</i>	<u>38,440,865</u>	<u>47,458,094</u>	<u>9,017,229</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	9,726,999	7,167,470	(2,559,529)
Pension	1,108,811	337,152	(771,659)
OPEB	553,413	0	(553,413)
<i>Total Deferred Inflows of Resources</i>	<u>11,389,223</u>	<u>7,504,622</u>	<u>(3,884,601)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	7,816,938	8,125,599	(308,661)
Restricted for:			
Capital Projects	1,606,910	1,251,584	355,326
Debt Service	494,525	414,243	80,282
Other Purposes	1,531,264	1,535,481	(4,217)
Unrestricted (Deficit)	<u>(19,282,491)</u>	<u>(26,366,515)</u>	<u>7,084,024</u>
<i>Total Net Position</i>	<u>(\$7,832,854)</u>	<u>(\$15,039,608)</u>	<u>\$7,206,754</u>

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

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

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from (\$9,633,712) to (\$15,039,608).

The School District continues to provide the services that the School District residents expect while maintaining the costs of providing those services. The most dramatic changes were to cash and cash equivalents, property tax receivable and deferred inflows in relation to property tax, current liabilities, capital assets and the changes from net pension/OPEB changes noted above. Cash and cash equivalents increased from fiscal year 2017 mainly due to the School District conservatively spending in order to set aside cash for future capital projects related to the construction of the new school facility. The increase in property tax receivable is due to future collections from a new 6.1 mill bond levy starting in 2019. The increase in deferred inflows in relation to property tax is due to the timing of advance settlements for fiscal year 2018. Current liabilities decreased primarily due to decreases in accounts payable and notes payable. Capital assets decreased due to current year depreciation exceeding additions for 2018.

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 fiscal years 2018 and 2017.

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

(Table 2)  
Change in Net Position  
Governmental Activities

	2018	2017	Change
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$2,569,221	\$2,744,816	(\$175,595)
Operating Grants, Interest and Contributions	3,511,088	3,565,599	(54,511)
Capital Grants and Interest	64,515	64,201	314
<i>Total Program Revenues</i>	<u>6,144,824</u>	<u>6,374,616</u>	<u>(229,792)</u>
<b>General Revenues</b>			
Property Taxes	7,947,242	8,926,122	(978,880)
Grants and Entitlements not Restricted	9,859,979	9,475,204	384,775
Investment Earnings	1,567	1,128	439
Unrestricted Contributions	39,109	24,785	14,324
Miscellaneous	112,362	101,384	10,978
<i>Total General Revenues</i>	<u>17,960,259</u>	<u>18,528,623</u>	<u>(568,364)</u>
<i>Total Revenues</i>	<u>24,105,083</u>	<u>24,903,239</u>	<u>(798,156)</u>
<b>Program Expenses</b>			
Current:			
Instruction	8,855,550	15,275,286	6,419,736
Support Services:			
Pupils	633,700	900,611	266,911
Instructional Staff	369,401	531,023	161,622
Board of Education	13,675	14,160	485
Administration	1,095,020	2,157,035	1,062,015
Fiscal	479,992	537,799	57,807
Business	27,496	30,633	3,137
Operation and Maintenance of Plant	1,832,699	2,020,379	187,680
Pupil Transportation	1,271,960	1,148,365	(123,595)
Central	287,855	271,004	(16,851)
Extracurricular Activities	510,879	511,637	758
Operation of Non-Instructional Services	162,667	92,997	(69,670)
Operation of Food Service	899,071	811,198	(87,873)
Interest and Fiscal Charges	458,364	529,624	71,260
<i>Total Program Expenses</i>	<u>16,898,329</u>	<u>24,831,751</u>	<u>7,933,422</u>
<i>Change in Net Position</i>	7,206,754	71,488	7,135,266
Net Position Beginning of Year (Restated)	<u>(15,039,608)</u>	N/A	
<i>Net Position End of Year</i>	<u>(\$7,832,854)</u>	<u>(\$15,039,608)</u>	<u>\$7,206,754</u>

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
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The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$41,386 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$621,824. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$16,898,329
Negative OPEB expense under GASB 75	621,824
2018 contractually required contribution	<u>53,772</u>
Adjusted 2018 program expenses	17,573,925
Total 2017 program expenses under GASB 45	<u>24,831,751</u>
Decrease in program expenses not related to OPEB	<u><u>(\$7,257,826)</u></u>

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption. (See Note 17) As a result of these changes, pension expense decreased from \$2,064,812 in fiscal year 2017 to a negative pension expense of \$5,865,670 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

<b>Program Expenses</b>	<b>2018 Program Expenses Related to Negative Pension Expense</b>
<b>Instruction:</b>	
Regular	(\$3,627,878)
Special	(945,623)
Vocational	(149,370)
Student Intervention	(45,378)
<b>Support Services:</b>	
Pupils	(281,360)
Instructional Staff	(82,053)
Administration	(660,022)
Fiscal	(8,931)
<b>Operation and</b>	
Maintenance of Plant	(29,380)
Pupil Transportation	(21,660)
Central	(155)
<b>Operation of</b>	
Food Service Operations	(9,687)
Extracurricular Activities	<u>(4,173)</u>
<b>Total Expenses</b>	<u><u>(\$5,865,670)</u></u>

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

Program revenues decreased for governmental activities in fiscal year 2018. Charges for services and sales decreased due to a drop in tuition received through foundation adjustments. Operating grants decreased due to reductions in current year restricted grants available from the Ohio Department of Education. General revenues decreased in fiscal year 2018 primarily resulting from a decrease in property taxes due to the timing of advance settlements that was partially offset by increased grants and entitlements received through State Foundation.

Program expenses decreased in fiscal year 2018 due to changes in the net pension liability and net OPEB liability. As mentioned previously, pension expense decreased by \$7,930,482 attributable to changes in the net pension liability. The recording on a net OPEB liability resulted in an additional \$621,824 decrease to program expenses. Changes in deferred outflows relating to payments made subsequent to the measurement date resulted in a decrease of \$117,678 to program expenses as well.

Program expenses excluding amounts related to the net pension and net OPEB liabilities actually increased by approximately \$737,000 due to increased instructional costs resulting from a three percent base salary wage increase for certified and classified employees and higher purchased services costs.

The School District relies heavily upon property taxes and the State School Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs. The increase in grants and entitlements not restricted can be attributed to the School District actively seeking out additional sources of Federal and State funding to ensure the programs important to the community are maintained.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2018 compared to 2017.

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

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Instruction	\$8,855,550	\$4,420,250	\$15,275,286	\$10,617,798
Support Services:				
Pupils and Instructional Staff	1,003,101	788,701	1,431,634	1,191,102
Board of Education,				
Administration, Fiscal and Business	1,616,183	1,488,055	2,739,627	2,601,821
Operation and Maintenance of Plant	1,832,699	1,745,023	2,020,379	1,936,163
Pupil Transportation	1,271,960	1,271,960	1,148,365	1,145,514
Central	287,855	278,855	271,004	262,004
Extracurricular Activities	510,879	254,538	511,637	226,972
Operation of Non-Instructional Services	162,667	24,065	92,997	(35,552)
Operation of Food Service	899,071	23,694	811,198	(18,311)
Interest and Fiscal Charges	458,364	458,364	529,624	529,624
<i>Total Expenses</i>	<u>\$16,898,329</u>	<u>\$10,753,505</u>	<u>\$24,831,751</u>	<u>\$18,457,135</u>

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.



**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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**The School District's Funds**

Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. For fiscal year 2018, the general fund had a decrease in fund balance primarily resulting from a decrease in property taxes due to the timing of advance settlements and increased instructional and purchased service costs. The bond retirement fund had an increase in fund balance due to the yearly property tax revenue slightly exceeding principal and interest payments made during the fiscal year.

***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 2018, 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 slightly higher than the original budget estimate. The change was mainly attributed to an increase in property tax partially offset by a decrease in tuition and fees as the School District received a true picture of what the anticipated amounts would be. The final budget appropriations were lower than the original budget appropriations of the general fund due mainly to a decrease in capital outlay expenditures from cost saving measures.

**Capital Assets and Long-term Liabilities**

***Capital Assets***

During fiscal year 2018, the School District's capital asset additions included various furniture and equipment and two buses while deletions included various furniture and equipment and one bus. Please refer to Note 10 within the Notes to the Basic Financial Statements for further information on capital assets.

***Debt***

On March 17, 2009, the School District issued school facilities construction bonds, which included serial, term and capital appreciation (deep discount) bonds. The bonds were issued at a premium. The school facilities construction bonds were issued for the purpose of building new schools within the Indian Creek Local School District. The bonds were originally issued for a twenty-eight year period with final maturity at December 1, 2036. During fiscal year 2016, a portion of these bonds were retired by the School District through an advance refunding. After the advance refunding, the original school facilities construction bonds have a final maturity of December 1, 2021. The serial and current issue term bonds remained outstanding at June 30, 2018. The term bonds maturing on December 1, 2021 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.

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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On April 16, 2016, the School District issued school facilities construction bonds to refund a portion of the 2009 school facilities construction bonds. The school facilities construction bonds included serial and capital appreciation (deep discount) bonds. The bonds were issued for a twenty-one year period with a final maturity at December 1, 2036. The capital appreciation bonds were originally sold at a discount, which is being accreted annually until the point of maturity of the capital appreciation bonds. The refunding bonds were sold at a premium. Net proceeds of \$9,831,065 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$8,605,000 of these bonds is considered defeased and the liability of these bonds has been removed from the School District's financial statements.

On June 1, 2015, the School District took out a lease purchase agreement for the purpose of paving projects, track repairs and a new high school roof. The lease purchase agreement was issued at a 3.5 percent interest rate for fifteen years. The lease purchase agreement will be retired from the permanent improvement capital project fund.

The School District's overall legal debt margin was \$24,019,327 with an unvoted debt margin of \$370,434 at June 30, 2018. Please refer to Note 14 within the Notes to the Basic Financial Statements for further information on debt.

**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.

**Indian Creek Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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**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.

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## Indian Creek Local School District

### Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$5,208,224
Accounts Receivable	5,107
Intergovernmental Receivable	441,769
Inventory Held for Resale	21,102
Materials and Supplies Inventory	64,925
Prepaid Items	32,871
Property Taxes Receivable	10,665,419
Nondepreciable Capital Assets	167,437
Depreciable Capital Assets, Net	<u>18,554,673</u>
<i>Total Assets</i>	<u>35,161,527</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	1,090,995
Pension	5,553,813
OPEB	<u>190,899</u>
<i>Total Deferred Outflows of Resources</i>	<u>6,835,707</u>
<b>Liabilities</b>	
Accounts Payable	42,762
Accrued Wages and Benefits	1,692,422
Contracts Payable	27,108
Intergovernmental Payable	268,104
Matured Compensated Absences Payable	14,144
Accrued Interest Payable	35,114
Notes Payable	107,526
Long-Term Liabilities:	
Due Within One Year	430,174
Due in More Than One Year	
Net Pension Liability (See Note 17)	18,822,302
Net OPEB Liability (See Note 18)	4,367,786
Other Amounts	<u>12,633,423</u>
<i>Total Liabilities</i>	<u>38,440,865</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	9,726,999
Pension	1,108,811
OPEB	<u>553,413</u>
<i>Total Deferred Inflows of Resources</i>	<u>11,389,223</u>
<b>Net Position</b>	
Net Investment in Capital Assets	7,816,938
Restricted for:	
Capital Projects	1,606,910
Debt Service	494,525
Other Purposes	1,531,264
Unrestricted (Deficit)	<u>(19,282,491)</u>
<i>Total Net Position</i>	<u><u>(\$7,832,854)</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, 2018

	Program Revenues				Net Revenue/(Expense) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Interest	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$6,243,384	\$1,687,203	\$195,004	\$1,728	(\$4,359,449)
Special	2,391,358	460,957	1,854,360	0	(76,041)
Vocational	156,743	56,468	104,427	0	4,152
Student Intervention Services	64,065	0	75,153	0	11,088
Support Services:					
Pupils	633,700	0	21,700	0	(612,000)
Instructional Staff	369,401	0	192,700	0	(176,701)
Board of Education	13,675	0	0	0	(13,675)
Administration	1,095,020	0	127,232	0	(967,788)
Fiscal	479,992	0	896	0	(479,096)
Business	27,496	0	0	0	(27,496)
Operation and Maintenance of Plant	1,832,699	0	24,889	62,787	(1,745,023)
Pupil Transportation	1,271,960	0	0	0	(1,271,960)
Central	287,855	0	9,000	0	(278,855)
Extracurricular Activities	510,879	211,132	45,209	0	(254,538)
Operation of Non-Instructional Services	162,667	0	138,602	0	(24,065)
Operation of Food Service	899,071	153,461	721,916	0	(23,694)
Interest and Fiscal Charges	458,364	0	0	0	(458,364)
<i>Totals</i>	<u>\$16,898,329</u>	<u>\$2,569,221</u>	<u>\$3,511,088</u>	<u>\$64,515</u>	<u>(10,753,505)</u>

**General Revenues**

Property Taxes Levied for:	
General Purposes	6,864,663
Debt Service	649,226
Capital Outlay	298,226
Classroom Facilities Maintenance	135,127
Grants and Entitlements not Restricted to Specific Programs	9,859,979
Investment Earnings	1,567
Unrestricted Contributions	39,109
Miscellaneous	112,362
<i>Total General Revenues</i>	<u>17,960,259</u>
Change in Net Position	7,206,754
<i>Net Position Beginning of Year</i> <i>(Restated - See Note 22)</i>	<u>(15,039,608)</u>
<i>Net Position End of Year</i>	<u>(\$7,832,854)</u>

See accompanying notes to the basic financial statements

**Indian Creek Local School District**

*Balance Sheet  
Governmental Funds  
June 30, 2018*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,558,842	\$507,043	\$3,142,339	\$5,208,224
Accounts Receivable	5,107	0	0	5,107
Intergovernmental Receivable	97,592	0	344,177	441,769
Prepaid Items	32,069	0	802	32,871
Interfund Receivable	112,296	0	0	112,296
Inventory Held for Resale	0	0	21,102	21,102
Materials and Supplies Inventory	64,925	0	0	64,925
Property Taxes Receivable	8,271,090	1,867,707	526,622	10,665,419
<i>Total Assets</i>	<u>\$10,141,921</u>	<u>\$2,374,750</u>	<u>\$4,035,042</u>	<u>\$16,551,713</u>
<b>Liabilities</b>				
Accounts Payable	\$15,288	\$0	\$27,474	\$42,762
Accrued Wages and Benefits	1,520,902	0	171,520	1,692,422
Contracts Payable	0	0	27,108	27,108
Intergovernmental Payable	254,397	0	13,707	268,104
Interfund Payable	0	0	112,296	112,296
Accrued Interest Payable	0	0	446	446
Matured Compensated Absences Payable	14,144	0	0	14,144
Notes Payable	0	0	107,526	107,526
<i>Total Liabilities</i>	<u>1,804,731</u>	<u>0</u>	<u>460,077</u>	<u>2,264,808</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	7,447,321	1,799,732	479,946	9,726,999
Unavailable Revenue	418,553	24,725	195,430	638,708
<i>Total Deferred Inflows of Resources</i>	<u>7,865,874</u>	<u>1,824,457</u>	<u>675,376</u>	<u>10,365,707</u>
<b>Fund Balances</b>				
Nonspendable	96,994	0	802	97,796
Restricted	0	550,293	2,969,148	3,519,441
Assigned	374,322	0	0	374,322
Unassigned (Deficit)	0	0	(70,361)	(70,361)
<i>Total Fund Balances</i>	<u>471,316</u>	<u>550,293</u>	<u>2,899,589</u>	<u>3,921,198</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$10,141,921</u>	<u>\$2,374,750</u>	<u>\$4,035,042</u>	<u>\$16,551,713</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, 2018*

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<b>Total Governmental Funds Balances</b>	<b>\$3,921,198</b>
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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.	18,722,110
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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	458,468
Grants	178,369
Tuition and Fees	1,871

Total	638,708
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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.	(34,668)
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The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension	5,553,813
Deferred Outflows - OPEB	190,899
Net Pension Liability	(18,822,302)
Net OPEB Liability	(4,367,786)
Deferred Inflows - Pension	(1,108,811)
Deferred Inflows - OPEB	(553,413)

Total	(19,107,600)
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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	(11,124,836)
Deferred Charge on Refunding	1,090,995
Lease Purchase Agreement	(825,000)
Compensated Absences	(1,113,761)

Total	(11,972,602)
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<i>Net Position of Governmental Activities</i>	<i>(\$7,832,854)</i>
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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, 2018*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$6,871,826	\$649,651	\$433,643	\$7,955,120
Intergovernmental	10,470,549	105,938	2,840,116	13,416,603
Interest	1,567	0	1,776	3,343
Charges for Services	16,426	0	153,461	169,887
Tuition and Fees	2,184,742	0	0	2,184,742
Extracurricular Activities	32,229	0	162,477	194,706
Rentals	18,015	0	0	18,015
Contributions and Donations	39,109	0	47,759	86,868
Miscellaneous	110,570	0	1,792	112,362
<i>Total Revenues</i>	<u>19,745,033</u>	<u>755,589</u>	<u>3,641,024</u>	<u>24,141,646</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	10,258,121	0	183,757	10,441,878
Special	2,840,430	0	852,419	3,692,849
Vocational	348,783	0	0	348,783
Student Intervention Services	49,728	0	73,789	123,517
Support Services:				
Pupils	979,152	0	22,181	1,001,333
Instructional Staff	285,059	0	190,274	475,333
Board of Education	13,675	0	0	13,675
Administration	1,876,133	0	132,375	2,008,508
Fiscal	481,092	18,467	3,863	503,422
Business	27,496	0	0	27,496
Operation and Maintenance of Plant	1,800,176	0	90,911	1,891,087
Pupil Transportation	1,220,123	0	0	1,220,123
Central	275,416	0	9,000	284,416
Extracurricular Activities	291,890	0	194,018	485,908
Operation of Non-Instructional Services	630	0	161,965	162,595
Operation of Food Service	0	0	920,353	920,353
Capital Outlay	7,545	0	84,434	91,979
Debt Service:				
Principal Retirement	0	19,030	186,319	205,349
Interest and Fiscal Charges	0	387,137	37,368	424,505
Capital Appreciation Bond Accretion	0	265,970	0	265,970
<i>Total Expenditures</i>	<u>20,755,449</u>	<u>690,604</u>	<u>3,143,026</u>	<u>24,589,079</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,010,416)</u>	<u>64,985</u>	<u>497,998</u>	<u>(447,433)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	1,414	1,414
Transfers Out	(1,414)	0	0	(1,414)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,414)</u>	<u>0</u>	<u>1,414</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(1,011,830)</u>	<u>64,985</u>	<u>499,412</u>	<u>(447,433)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,483,146</u>	<u>485,308</u>	<u>2,400,177</u>	<u>4,368,631</u>
<i>Fund Balances End of Year</i>	<u>\$471,316</u>	<u>\$550,293</u>	<u>\$2,899,589</u>	<u>\$3,921,198</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, 2018*

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**Net Change in Fund Balances - Total Governmental Funds** (\$447,433)

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

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

Capital Asset Additions	287,205	
Current Year Depreciation	(906,425)	
Total		(619,220)

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

Property Taxes	(7,878)	
Intergovernmental	(30,556)	
Tuition and Fees	1,871	
Total		(36,563)

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:

Principal Retirement	205,349	
Capital Appreciation Bond Accretion	265,970	
Total		471,319

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	160	
Amortization of Deferred Charge on Refunding	(62,340)	
Amortization of Bond Premiums	84,978	
Amortization of Bond Discount	(7,215)	
Annual Accretion	(49,442)	
Total		(33,859)

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

Pension	1,332,071	
OPEB	53,772	
Total		1,385,843

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

Pension	5,865,670	
OPEB	621,824	
Total		6,487,494

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.

(827)

*Change in Net Position of Governmental Activities*

\$7,206,754

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, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$7,800,950	\$7,933,076	\$7,933,309	\$233
Intergovernmental	10,441,693	10,452,103	10,452,103	0
Interest	1,200	1,567	1,567	0
Charges for Services	18,517	16,426	16,426	0
Tuition and Fees	2,320,034	2,178,090	2,178,090	0
Rentals	18,000	18,015	18,015	0
Contributions and Donations	0	2,100	2,100	0
Miscellaneous	73,698	88,644	88,644	0
<i>Total Revenues</i>	<u>20,674,092</u>	<u>20,690,021</u>	<u>20,690,254</u>	<u>233</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	10,074,425	10,193,846	10,194,921	(1,075)
Special	2,809,059	2,791,497	2,791,497	0
Vocational	368,519	351,487	351,487	0
Student Intervention Services	56,676	43,715	43,715	0
Support Services:				
Pupils	850,172	976,587	976,587	0
Instructional Staff	312,955	305,242	305,242	0
Board of Education	15,391	13,956	13,956	0
Administration	1,928,423	1,840,263	1,840,263	0
Fiscal	499,806	478,803	478,803	0
Business	27,496	27,496	27,496	0
Operation and Maintenance of Plant	1,849,272	1,861,220	1,861,220	0
Pupil Transportation	1,205,546	1,256,527	1,256,527	0
Central	278,447	275,845	275,845	0
Extracurricular Activities	287,509	294,766	294,766	0
Capital Outlay	213,500	7,545	7,545	0
<i>Total Expenditures</i>	<u>20,777,196</u>	<u>20,718,795</u>	<u>20,719,870</u>	<u>(1,075)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(103,104)</u>	<u>(28,774)</u>	<u>(29,616)</u>	<u>(842)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	119,268	119,268	119,268	0
Advances Out	0	(112,296)	(112,296)	0
Transfers Out	(5,000)	(1,414)	(1,414)	0
<i>Total Other Financing Sources (Uses)</i>	<u>114,268</u>	<u>5,558</u>	<u>5,558</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	11,164	(23,216)	(24,058)	(842)
<i>Fund Balance Beginning of Year</i>	1,274,539	1,274,539	1,274,539	0
Prior Year Encumbrances Appropriated	85,286	85,286	85,286	0
<i>Fund Balance End of Year</i>	<u>\$1,370,989</u>	<u>\$1,336,609</u>	<u>\$1,335,767</u>	<u>(\$842)</u>

See accompanying notes to the basic financial statements

**Indian Creek Local School District**

*Statement of Fiduciary Net Position*

*Fiduciary Funds*

*June 30, 2018*

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	Private Purpose Trust	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$41,002</u>	<u>\$63,509</u>
<b>Liabilities</b>		
Due to Students	<u>0</u>	<u>\$63,509</u>
<b>Net Position</b>		
Held in Trust for Scholarships	<u>\$41,002</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, 2018*

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	<u>Scholarship</u>
<b>Additions</b>	
Contributions and Donations	\$2,419
<b>Deductions</b>	
College Scholarships Awarded	<u>4,500</u>
<i>Change in Net Position</i>	(2,081)
<i>Net Position Beginning of Year</i>	<u>43,083</u>
<i>Net Position End of Year</i>	<u><u>\$41,002</u></u>

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, 2018*

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

Indian Creek Local School District (the School District) is organized under article VI, Sections 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 98 non-certified personnel, 130 certified teaching personnel and 12 administrative employees to provide services to 2,151 students and other community members. The School District operates four instructional buildings, one administrative building and two bus garages.

*Reporting Entity*

A reporting entity is composed 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 pool 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 Retrospective Rating Program and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 19 and 20 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, 2018*

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***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. 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 two categories of funds: governmental and fiduciary.

***Governmental Funds*** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the 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, 2018*

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***Bond Retirement Fund*** To account for and report tax levies that are restricted for the repayment of general obligation bonds of the School District.

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.

***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.

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 outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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



**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at 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 represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 17 and 18.

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, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 20. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 17 and 18)

***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.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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***Pensions/Other Postemployment Benefits (OPEB)***

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

***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. 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. 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 appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to fiscal year-end, the School District passed an amended appropriation measure which matched appropriations to expenditures plus encumbrances in the majority of categories.

***Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2018, the School District invested in STAR Ohio. 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to \$1,567, of which \$654 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 expensed/expensed when used. Inventories consist of donated and purchased food held for resale, and materials and supplies held for consumption.

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

***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 acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

***Bond Premiums and Discounts***

On the government-wide financial statements, bond premiums 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. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

***Deferred Charge on Refunding***

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

***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.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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For governmental funds, compensated absences are recognized as a liability and expenditure 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 fund from which the employee who has accumulated unpaid leave is paid.

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

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

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, and are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Capital leases are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

***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.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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**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 for support services and school supplies and to cover a gap between revenues and appropriations in fiscal year 2019's appropriated 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.

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.

**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 – Accountability**

Fund balances at June 30, 2018, included the following individual fund deficits:

<b>Special Revenue Funds:</b>	
Public School Preschool	\$22,159
Title VI-B	11,531
Title I	1,630
Reducing Class Size	28,048
Miscellaneous Federal Grants	6,993

The special revenue funds 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, 2018

**Note 4 – Fund Balances**

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Prepays	\$32,069	\$0	\$802	32,871
Materials and Supplies Inventory	64,925	0	0	64,925
<i>Total Nonspendable</i>	96,994	0	802	97,796
<b><i>Restricted for</i></b>				
Food Service Operations	0	0	91,974	91,974
Athletics	0	0	186,061	186,061
Community Involvement	0	0	4,646	4,646
Classroom Facilities Maintenance	0	0	1,177,257	1,177,257
Auxiliary Services	0	0	19,929	19,929
Instructional Services	0	0	2,028	2,028
Debt Service Payments	0	550,293	0	550,293
Capital Improvements	0	0	1,487,253	1,487,253
<i>Total Restricted</i>	0	550,293	2,969,148	3,519,441
<b><i>Assigned to</i></b>				
Public School Support/Uniform School	107,378	0	0	107,378
Fiscal Year 2019 Operations	162,934	0	0	162,934
Purchases on Order:				
Instruction	68,530	0	0	68,530
Support Services	35,480	0	0	35,480
<i>Total Assigned</i>	374,322	0	0	374,322
<b><i>Unassigned (Deficit)</i></b>	<b>0</b>	<b>0</b>	<b>(70,361)</b>	<b>(70,361)</b>
<b><i>Total Fund Balances</i></b>	<b>\$471,316</b>	<b>\$550,293</b>	<b>\$2,899,589</b>	<b>\$3,921,198</b>

**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).

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

2. 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.
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
4. Advances-In/Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	(\$1,011,830)
Net Adjustment for Revenue Accruals	1,045,446
Advance In	119,268
Perspective Difference:	
Uniform School Supplies	(2,243)
Public School Support	2,327
Net Adjustment for Expenditure Accruals	50,842
Advances Out	(112,296)
Adjustment for Encumbrances	(115,572)
Budget Basis	(\$24,058)

**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.

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.



**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions 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 (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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**Investments**

As of June 30, 2018, the School District had STAR Ohio as the only investment with an amount of \$5, which is measured at net asset value per share. The average maturity is 48.9 days.

**Credit Risk** 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.

**Interest Rate Risk** The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

**Note 7 – Receivables**

Receivables at June 30, 2018, 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:

Governmental Activities	Amounts
Title I Grant	\$150,580
Title VI-B Grant	117,723
Foundation Adjustment	42,359
Public School Preschool Grant	35,609
Bureau of Workers Compensation	31,643
Other Reimbursements	19,182
Federal Breakfast Reimbursement	17,023
Miscellaneous Federal Grants	12,288
Reducing Class Size Grant	5,274
Vocational Education Grant	4,899
Medicaid Reimbursement	3,296
Tuition	1,893
Total	\$441,769

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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**Note 8 – Property Taxes**

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 become a lien December 31, 2016, were levied after April 1, 2017, and are collected in calendar year 2018 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from 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, 2018, are available to finance fiscal year 2019 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, 2018, 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, 2018, was \$407,087 in the general fund, \$9,375 in the classroom facilities special revenue fund, \$43,250 in the bond retirement debt service fund and \$20,240 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2017, was \$1,468,570 in the general fund, \$33,818 in the classroom facilities special revenue fund, \$156,027 in the bond retirement debt service fund and \$73,019 in the permanent improvement capital projects fund.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$330,089,530	90.80 %	\$335,895,490	90.68 %
Public Utility Personal	33,448,545	9.20	34,538,224	9.32
Total	<u>\$363,538,075</u>	<u>100.00 %</u>	<u>\$370,433,714</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$42.65		\$42.65	

**Note 9 – 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.

***Insurance***

The School District provides health insurance benefits with Aetna, dental insurance benefits with Delta Dental and vision insurance benefits with Superior Vision. Total costs for family coverage is \$1,781.25, \$73.80 and \$12.88 for medical, dental and vision, respectively. Total costs for single coverage is \$883.10, \$24.98 and \$5.10 for medical, dental and vision, respectively. The School District pays 100 percent of dental and vision coverage. Administrators and teachers pay 10 percent of the premium for both single and family medical coverage. Classified employees pay 7 percent of the premium for both single and family medical 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 \$25,000 to \$50,000 depending on hours contracted per week. Life insurance is covered through Guardian Life Insurance.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2018

**Note 10 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

<b>Governmental Activities</b>	Balance 06/30/17	Additions	Deductions	Balance 06/30/18
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$84,878	\$0	\$0	\$84,878
Construction in Progress	34,103	48,456	0	82,559
<b><i>Total Capital Assets not being Depreciated</i></b>	<b>118,981</b>	<b>48,456</b>	<b>0</b>	<b>167,437</b>
<b><i>Capital Assets being Depreciated:</i></b>				
Land Improvements	2,943,959	0	0	2,943,959
Buildings and Improvements	23,597,773	0	0	23,597,773
Furniture and Equipment	2,173,170	47,666	(70,772)	2,150,064
Vehicles	1,669,805	191,083	(62,368)	1,798,520
<b><i>Total Capital Assets being Depreciated</i></b>	<b>30,384,707</b>	<b>238,749</b>	<b>(133,140)</b>	<b>30,490,316</b>
Less Accumulated Depreciation:				
Land Improvements	(1,789,643)	(106,548)	0	(1,896,191)
Buildings and Improvements	(7,081,010)	(593,129)	0	(7,674,139)
Furniture and Equipment	(967,471)	(111,351)	70,772	(1,008,050)
Vehicles	(1,324,234)	(95,397)	62,368	(1,357,263)
<b><i>Total Accumulated Depreciation</i></b>	<b>(11,162,358)</b>	<b>(906,425) *</b>	<b>133,140</b>	<b>(11,935,643)</b>
<b><i>Total Assets being Depreciated, Net</i></b>	<b>19,222,349</b>	<b>(667,676)</b>	<b>0</b>	<b>18,554,673</b>
<b><i>Governmental Activities Capital Assets, Net</i></b>	<b>\$19,341,330</b>	<b>(\$619,220)</b>	<b>\$0</b>	<b>\$18,722,110</b>

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

Instruction:	
Regular	\$664,861
Special	1,377
Vocational	1,637
Support Services:	
Pupils	685
Instructional Staff	4,856
Administration	19,276
Operation and Maintenance of Plant	53,657
Pupil Transportation	116,708
Central	3,439
Operation of Food Service	9,528
Extracurricular Activities	30,401
<b>Total Depreciation Expense</b>	<b>\$906,425</b>

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2018

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**Note 11 – Risk Management**

***Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for various types of insurance. Coverage is as follows:

Coverage	Amount
Property	\$61,226,067
Earth movement limit (\$50,000 Deductible)	2,000,000
Flood limit (\$50,000 Deductible)	2,000,000
Equipment Breakdown	300,000,000
Crime Coverage (\$0 Deductible)	1,000,000
General Liability	15,000,000
Employee benefits liability	15,000,000
Employee stop gap liability	15,000,000
General annual aggregate	17,000,000
Fire legal liability	500,000
Medical payments - occurrence	10,000
Aggregate limit	25,000
Educator's Legal Liability	15,000,000
Automobile Liability	
Bodily injury & property damage - per occurrence	15,000,000
Medical payments - occurrence	10,000
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 2018, the School District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2018

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**Note 12 – Interfund Balances and Transfers**

*Interfund Balances*

Interfund Payable	Interfund Receivable General
<b><i>Other Governmental Funds:</i></b>	
Food Services	\$3,738
Other Grants	1,646
Public School Preschool	7,623
Vocational Education Enhancement	4,899
Title VI-B	44,903
Title I	27,099
Reducing Class Size	1,802
Miscellaneous Federal Grants	20,586
Total	\$112,296

Interfund receivables and payables at June 30, 2018, are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid. These loans are expected to be repaid in one year.

***Interfund Transfers***

The general fund transferred \$1,414 to the food service special revenue fund to provide additional resources for current operations.

**Note 13 – 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.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

	Capital Improvement
Set-aside Balance as of June 30, 2017	\$0
Current Year Set-aside Requirement	378,211
Offsets During the Fiscal Year:	
Permanent Improvement Levy Proceeds	(413,992)
Ohio School Facilities Commission principal and interest	(672,138)
Qualifying Disbursements	(254,063)
Totals	(\$961,982)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Balance as of June 30, 2018	\$0

Although the School District had qualifying disbursements and offsets 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 14 – 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	2022
2016 School Facilities Construction Refunding Bonds:			
Serial Bonds	2.00% to 4.00%	8,605,000	2037
Capital Appreciation Bonds	18.98%	35,000	2025
2013 School Facilities Hardship Loan	0.00%	656,591	2018
2015 Lease Purchase Agreement	3.50%	935,000	2029



**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2018

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

	Principal Outstanding 6/30/17	Additions	Deductions	Principal Outstanding 6/30/18	Amounts Due in One Year
<b>Governmental Activities</b>					
<b>General Obligation Bonds:</b>					
2009 School Facilities Bonds					
Serial Bonds	\$600,000	\$0	\$0	\$600,000	\$285,000
Capital Appreciation Bonds	19,030	0	19,030	0	0
Accretion	224,953	41,017	265,970	0	0
Term Bonds	665,000	0	0	665,000	0
Premium on Bonds	60,505	0	15,126	45,379	0
Discount on Bonds	(36,074)	0	(7,215)	(28,859)	0
<i>Total 2009 School Facilities Bonds</i>	<u>1,533,414</u>	<u>41,017</u>	<u>292,911</u>	<u>1,281,520</u>	<u>285,000</u>
2016 School Facilities Refunding Bonds					
Serial Bonds	8,570,000	0	0	8,570,000	0
Capital Appreciation Bonds	35,000	0	0	35,000	0
Accretion	7,391	8,425	0	15,816	0
Premium on Bonds	1,292,352	0	69,852	1,222,500	0
<i>Total 2016 School Refunding Bonds</i>	<u>9,904,743</u>	<u>8,425</u>	<u>69,852</u>	<u>9,843,316</u>	<u>0</u>
<i>Total General Obligation Bonds</i>	<u>11,438,157</u>	<u>49,442</u>	<u>362,763</u>	<u>11,124,836</u>	<u>285,000</u>
School Facilities Hardship Loan	131,319	0	131,319	0	0
Lease Purchase Agreement	880,000	0	55,000	825,000	55,000
<b>Other Long Term Obligations</b>					
Net Pension Liability:					
SERS	5,421,351	0	1,062,218	4,359,133	0
STRS	20,683,899	0	6,220,730	14,463,169	0
<i>Total Net Pension Liability</i>	<u>26,105,250</u>	<u>0</u>	<u>7,282,948</u>	<u>18,822,302</u>	<u>0</u>
Net OPEB Liability:					
SERS	2,142,589	0	150,279	1,992,310	0
STRS	3,304,693	0	929,217	2,375,476	0
<i>Total Net OPEB Liability</i>	<u>5,447,282</u>	<u>0</u>	<u>1,079,496</u>	<u>4,367,786</u>	<u>0</u>
Compensated Absences	1,112,934	95,910	95,083	1,113,761	90,174
<i>Total General Long-Term Obligations</i>	<u>\$45,114,942</u>	<u>\$145,352</u>	<u>\$9,006,609</u>	<u>\$36,253,685</u>	<u>\$430,174</u>

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. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from following funds: 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. For additional information related to the net pension and net OPEB liabilities see Notes 17 and 18.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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 School District. 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. During fiscal year 2016, a portion of the bonds were retired by the School District through an advance refunding. After the advance refunding, the original school facilities construction bonds have a final maturity of December 1, 2021. The serial and current issue term bonds remained outstanding at June 30, 2018.

A portion of the term bonds were refunded during fiscal year 2016. The remaining term bonds maturing on December 1, 2021 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	<u>Issue</u>
2020	<u>\$665,000</u>
Amount due at stated maturity	<u>\$325,000</u>
Total	<u>340,000</u>
Stated Maturity	<u><u>\$665,000</u></u>
	<u>12/1/2021</u>

On April 16, 2016, the School District issued \$8,605,000 in school facilities construction bonds to refund a portion of the 2009 school facilities construction bonds. The school facilities construction bonds included serial and capital appreciation (deep discount) bonds in the amounts of \$8,570,000 and \$35,000, respectively. The bonds were issued for a twenty-one year period with a final maturity at December 1, 2036.

The capital appreciation bonds were originally sold at a discount of \$130,000. The accretion recorded for fiscal year 2018 was \$8,425, for a total outstanding bond liability of \$50,816 at June 30, 2018.

The refunding bonds were sold at a premium of \$1,373,846. Net proceeds of \$9,831,065 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$8,605,000 of these bonds is considered defeased and the liability of these bonds has been removed from the School District's financial statements.

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.

On June 1, 2015, the School District took out a lease purchase agreement in the amount of \$935,000 for the purpose of paving projects, track repairs and a new high school roof. The lease purchase agreement was issued at a 3.5 percent interest rate for fifteen years. The lease purchase agreement will be retired from the permanent improvement capital project fund.

The School District's overall legal debt margin was \$24,019,327 with an unvoted debt margin of \$370,434 at June 30, 2018. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2018, are as follows:

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2018

Fiscal Year	General Obligation Bonds					
	Serial		Capital Appreciation		Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$285,000	\$353,234	\$0	\$0	\$0	\$29,094
2020	315,000	342,912	0	0	0	29,094
2021	30,000	337,100	0	0	325,000	21,984
2022	35,000	336,450	0	0	340,000	7,438
2023	410,000	329,950	0	0	0	0
2024-2028	2,140,000	1,420,600	35,000	130,000	0	0
2029-2033	2,990,000	903,800	0	0	0	0
2034-2037	2,965,000	244,300	0	0	0	0
Total	<u>\$9,170,000</u>	<u>\$4,268,346</u>	<u>\$35,000</u>	<u>\$130,000</u>	<u>\$665,000</u>	<u>\$87,610</u>

Fiscal Year	Lease Purchase Agreement	
	Principal	Interest
2019	\$55,000	\$27,912
2020	60,000	25,900
2021	60,000	23,800
2022	65,000	21,613
2023	65,000	19,337
2024-2028	355,000	60,813
2029-2030	165,000	5,862
Total	<u>\$825,000</u>	<u>\$185,237</u>

**Note 15 – Notes Payable**

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

	Principal Outstanding 6/30/2017	Additions	Deductions	Principal Outstanding 6/30/2018
Permanent Improvement Fund 2009 4.98 %				
Tax Anticipation Notes	<u>\$212,439</u>	<u>\$0</u>	<u>\$104,913</u>	<u>\$107,526</u>

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 \$107,526 and \$2,676, respectively for a total of \$110,202.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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**Note 16 – 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. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

***School Foundation***

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. ODE has finalized the impact of enrollment adjustments to the June 30, 2018 foundation funding for the School District. These adjustments were insignificant for the School district.

***Litigation***

The School District is a party to various legal proceedings seeking damages. The School District's administration is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

***Lease***

The Board of Education entered into a "Paid-Up" Oil and Gas lease effective November 22, 2013 and continuing through November 22, 2018 with Great River Energy, LLC. In consideration of the execution of the lease, the School District received a bonus of \$ 1,405,863 on February 17, 2015. The School District has a total of 203.7482 acres subject to the lease provisions which call for royalty payments of 20 percent on production from the leasehold and \$50.00 per each acre of land, per year after production has been shut in. As of this date, the value of any potential royalties cannot be determined and the School District has not received any financial compensation beyond the bonus.

The Board of Education entered into a "Paid-Up" Oil and Gas lease effective May 3, 2017 and continuing through May 2, 2022 with Ascent Resources - Utica, LLC. In consideration of the execution of the lease, the School District received a bonus of \$1,539 on July 18, 2017. The School District has a total of .27 acres subject to the lease provisions which call for payments to the lessor, in addition to the bonus, royalties, less all taxes, assessments, and adjustments on production from the leasehold in the amount of 17 percent for oil or gas. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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The Board of Education entered into a “Paid-Up” Oil and Gas lease effective April 23, 2018 and continuing through April 23, 2023 with Ascent Resources - Utica, LLC. In consideration of the execution of the lease, the School District received a bonus of \$4,491 on August 15, 2018. The School District has a total of .998 acres subject to the lease provisions which call for payments to the lessor, in addition to the bonus, royalties, less all taxes, assessments, and adjustments on production from the leasehold in the amount of 18 percent for oil or gas. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

**Note 17 – Defined Benefit Pension Plans**

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

***Net Pension Liability/Net OPEB Liability***

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

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

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

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

**Indian Creek Local School District**  
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The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 18 for the required OPEB disclosures.

***Plan Description - School Employees Retirement System (SERS)***

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

Age and service requirements for retirement are as follows:

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

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

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

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$333,655 for fiscal year 2018. Of this amount \$53,592 is reported as an intergovernmental payable.

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***Plan Description - State Teachers Retirement System (STRS)***

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$998,416 for fiscal year 2018. Of this amount \$181,936 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.07407150%	0.06179276%	
Proportion of the Net Pension Liability Current Measurement Date	0.07295890%	0.06088418%	
Change in Proportionate Share	-0.00111260%	-0.00090858%	
Proportionate Share of the Net Pension Liability	\$4,359,133	\$14,463,169	\$18,822,302
Pension Expense	(\$122,044)	(\$5,743,626)	(\$5,865,670)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$187,602	\$558,500	\$746,102
Changes of assumptions	225,414	3,163,254	3,388,668
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	86,972	0	86,972
School District contributions subsequent to the measurement date	<u>333,655</u>	<u>998,416</u>	<u>1,332,071</u>
Total Deferred Outflows of Resources	<u><u>\$833,643</u></u>	<u><u>\$4,720,170</u></u>	<u><u>\$5,553,813</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$116,567	\$116,567
Net difference between projected and actual earnings on pension plan investments	20,692	477,301	497,993
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>51,068</u>	<u>443,183</u>	<u>494,251</u>
Total Deferred Inflows of Resources	<u><u>\$71,760</u></u>	<u><u>\$1,037,051</u></u>	<u><u>\$1,108,811</u></u>

\$1,332,071 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$226,571	\$491,829	\$718,400
2020	250,823	1,141,125	1,391,948
2021	52,456	853,219	905,675
2022	<u>(101,622)</u>	<u>198,530</u>	<u>96,908</u>
Total	<u><u>\$428,228</u></u>	<u><u>\$2,684,703</u></u>	<u><u>\$3,112,931</u></u>

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$6,049,344	\$4,359,133	\$2,943,237

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented as follows:

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	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$20,732,458	\$14,463,169	\$9,182,230

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**Note 18 - Defined Benefit OPEB Plans**

See Note 17 for a description of the net OPEB liability.

***Plan Description - School Employees Retirement System (SERS)***

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$41,414.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$53,772 for fiscal year 2018. Of this amount \$43,399 is reported as an intergovernmental payable.

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***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.07516880%	0.06179276%	
Proportion of the Net OPEB Liability			
Current Measurement Date	0.07423640%	0.06088418%	
Change in Proportionate Share	-0.00093240%	-0.00090858%	
Proportionate Share of the Net			
OPEB Liability	\$1,992,310	\$2,375,476	\$4,367,786
OPEB Expense	\$109,985	(\$731,809)	(\$621,824)

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At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$0	\$137,127	\$137,127
School District contributions subsequent to the measurement date	<u>53,772</u>	<u>0</u>	<u>53,772</u>
Total Deferred Outflows of Resources	<u><u>\$53,772</u></u>	<u><u>\$137,127</u></u>	<u><u>\$190,899</u></u>
<b>Deferred Inflows of Resources</b>			
Changes of assumptions	\$189,060	\$191,352	\$380,412
Net difference between projected and actual earnings on OPEB plan investments	5,261	101,534	106,795
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>24,557</u>	<u>41,649</u>	<u>66,206</u>
Total Deferred Inflows of Resources	<u><u>\$218,878</u></u>	<u><u>\$334,535</u></u>	<u><u>\$553,413</u></u>

\$53,772 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	(\$78,713)	(\$41,363)	(\$120,076)
2020	(78,713)	(41,363)	(120,076)
2021	(60,136)	(41,363)	(101,499)
2022	(1,316)	(41,363)	(42,679)
2023	0	(15,979)	(15,979)
Thereafter	<u>0</u>	<u>(15,977)</u>	<u>(15,977)</u>
Total	<u><u>(\$218,878)</u></u>	<u><u>(\$197,408)</u></u>	<u><u>(\$416,286)</u></u>

***Actuarial Assumptions - SERS***

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



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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

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

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

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

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 17.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63 percent) and higher (4.63 percent) than the current discount rate (3.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5 percent decreasing to 4.0 percent) and higher (8.5 higher decreasing to 6.0 percent) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	\$2,405,968	\$1,992,310	\$1,664,587
	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	\$1,616,610	\$1,992,310	\$2,489,555

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 17.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2018

**Discount Rate** The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	\$3,189,038	\$2,375,476	\$1,732,496
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$1,650,379	\$2,375,476	\$3,329,789

**Note 19 – 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 Statutes. 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

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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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 2018, 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 \$76,716 for financial accounting services, educational management information, internet access, student services systems, and automated notification systems for fiscal year 2018. 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 2230 Sunset Blvd., Suite 2, Steubenville, Ohio 43952.

***Jefferson County Joint Vocational School*** The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards, which possesses its own 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 2018, 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 20 – Public Entity Pool**

### ***Insurance Purchasing Pool***

***Ohio School Boards Association Workers' Compensation Group Retrospective 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 113 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 composed 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.

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2018

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**Note 21 – Significant Commitments**

***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:

General	\$115,572
Other Governmental Funds	<u>588,698</u>
Total Governmental	<u><u>\$704,270</u></u>

***Contractual Commitments***

At June 30, 2018, the School District’s significant contractual commitments consisted of the following:

Company	Contract Amount	Amount Paid	Remaining on Contract
Lesko Associates, Inc.	\$135,620	\$55,451	\$80,169
Jim Davis Enterprises, Inc.	<u>439,784</u>	<u>0</u>	<u>439,784</u>
Total	<u><u>\$575,404</u></u>	<u><u>\$55,451</u></u>	<u><u>\$519,953</u></u>

Remaining commitment amounts were encumbered at year end.

**Note 22 – Change in Accounting Principle and Restatement of Net Position**

For fiscal year 2018, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For fiscal year 2018, the School District also implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the School District’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the School District’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

**Indian Creek Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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Net Position June 30, 2017	(\$9,633,712)
Adjustments:	
Net OPEB Liability	(5,447,282)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>41,386</u>
Restated Net Position June 30, 2017	<u><u>(\$15,039,608)</u></u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**Note 23 – Subsequent Event**

The Board of Education renewed the 2013 “Paid-Up” Oil and Gas lease extending the term through November 21, 2023 with Ascent Resources - Utica, LLC. In consideration of the execution of the lease, the School District received a bonus of \$ 1,466,987 on November 20, 2018. The School District has a total of 203.7482 acres subject to the lease provisions. As of this date, the value of any potential royalties cannot be determined and the School District has not received any financial compensation beyond the bonus.

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## Required Supplementary Information

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

	2018	2017	2016
School District's Proportion of the Net Pension Liability	0.07295890%	0.07407150%	0.07421900%
School District's Proportionate Share of the Net Pension Liability	\$4,359,133	\$5,421,351	\$4,235,007
School District's Covered Payroll	\$2,341,271	\$2,316,207	\$2,234,379
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	186.19%	234.06%	189.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%

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

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

See accompanying notes to the required supplementary information

2015	2014
0.06876400%	0.06876400%
\$3,480,106	\$4,089,174
\$1,921,672	\$2,104,878
181.10%	194.27%
71.70%	65.52%

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.07423640%	0.07516880%
School District's Proportionate Share of the Net OPEB Liability	\$1,992,310	\$2,142,589
School District's Covered Payroll	\$2,341,271	\$2,316,207
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	85.10%	92.50%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

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

	2018	2017	2016
School District's Proportion of the Net Pension Liability	0.06088418%	0.06179276%	0.06206111%
School District's Proportionate Share of the Net Pension Liability	\$14,463,169	\$20,683,899	\$17,151,876
School District's Covered Payroll	\$6,717,050	\$6,573,421	\$6,571,773
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	215.32%	314.66%	260.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%

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

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

See accompanying notes to the required supplementary information

<u>2015</u>	<u>2014</u>
0.06356089%	0.06356089%
\$15,460,208	\$18,416,099
\$6,494,169	\$7,020,631
238.06%	262.31%
74.70%	69.30%

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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.06088418%	0.06179276%
School District's Proportionate Share of the Net OPEB Liability	\$2,375,476	\$3,304,693
School District's Covered Payroll	\$6,717,050	\$6,573,421
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	35.36%	50.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

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

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

See accompanying notes to the required supplementary information



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

	2018	2017	2016	2015
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$333,655	\$327,778	\$324,269	\$294,491
Contributions in Relation to the Contractually Required Contribution	(333,655)	(327,778)	(324,269)	(294,491)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,471,519	\$2,341,271	\$2,316,207	\$2,234,379
Pension Contributions as a Percentage of Covered Payroll	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	53,772	41,386	38,488	57,993
Contributions in Relation to the Contractually Required Contribution	(53,772)	(41,386)	(38,488)	(57,993)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>2.18%</u>	<u>1.77%</u>	<u>1.66%</u>	<u>2.60%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.68%</u>	<u>15.77%</u>	<u>15.66%</u>	<u>15.78%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
\$266,344	\$291,315	\$302,312	\$281,409	\$313,438	\$228,976
(266,344)	(291,315)	(302,312)	(281,409)	(313,438)	(228,976)
\$0	\$0	\$0	\$0	\$0	\$0
\$1,921,672	\$2,104,878	\$2,247,669	\$2,238,738	\$2,314,906	\$2,326,997
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
37,820	41,005	45,981	65,526	45,480	139,856
(37,820)	(41,005)	(45,981)	(65,526)	(45,480)	(139,856)
\$0	\$0	\$0	\$0	\$0	\$0
1.97%	1.95%	2.05%	2.93%	1.96%	6.01%
15.83%	15.79%	15.50%	15.50%	15.50%	15.85%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$998,416	\$940,387	\$920,279	\$920,048
Contributions in Relation to the Contractually Required Contribution	<u>(998,416)</u>	<u>(940,387)</u>	<u>(920,279)</u>	<u>(920,048)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$7,131,543	\$6,717,050	\$6,573,421	\$6,571,773
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to the required supplementary information

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$844,242	\$912,682	\$962,132	\$994,607	\$1,011,797	\$1,019,828
<u>(844,242)</u>	<u>(912,682)</u>	<u>(962,132)</u>	<u>(994,607)</u>	<u>(1,011,797)</u>	<u>(1,019,828)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,494,169	\$7,020,631	\$7,401,015	\$7,650,823	\$7,783,054	\$7,844,831
<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$64,942	\$70,206	\$74,010	\$76,508	\$77,831	\$78,448
<u>(64,942)</u>	<u>(70,206)</u>	<u>(74,010)</u>	<u>(76,508)</u>	<u>(77,831)</u>	<u>(78,448)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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**Indian Creek Local School District**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2018*

**Net Pension Liability**

**Changes in Assumptions – SERS**

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

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

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

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

**Changes in Assumptions - STRS**

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

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

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

**Indian Creek Local School District**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2018*

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

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

**Net OPEB Liability**

**Changes in Assumptions – SERS**

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

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

**Changes in Assumptions – STRS**

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

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.



**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education:</i>			
<i>Nutrition Cluster:</i>			
<i>Non-Cash Assistance (Food Distribution):</i>			
National School Lunch Program	10.555		\$50,372
<i>Cash Assistance:</i>			
School Breakfast Program	10.553	\$228,349	
National School Lunch Program	10.555	405,924	
Nutrition Cluster Total (Cash and Non-Cash)		634,273	50,372
Child and Adult Care Food Program	10.558	9,030	
Total U.S. Department of Agriculture		643,303	50,372
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Title 1 Grants to Local Educational Agencies (Title 1, Part A of the ESEA)	84.010	619,188	
<i>Special Education Cluster:</i>			
Special Education Grants to States	84.027	582,398	
Special Education Preschool Grants	84.173	5,741	
Special Education Cluster Total		588,139	
Supporting Effective Instruction State Grants (Title IIA)	84.367	90,969	
Student Support and Academic Enrichment Program	84.424	3,465	
Total U.S. Department of Education		1,301,761	
<b>Totals</b>		<b>\$1,945,064</b>	<b>\$50,372</b>

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

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Indian Creek Local School District (the District's) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, or changes in net position, of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



## 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 the Indian Creek Local School District, Jefferson County, (the District) as of and for the year ended June 30, 2018, 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 20, 2019, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement (GASB) 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

### ***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

March 20, 2019

# OHIO AUDITOR OF STATE KEITH FABER



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

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 Indian Creek Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Indian Creek Local School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 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, 2018.

***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 the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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



Keith Faber  
Auditor of State

Columbus, Ohio

March 20, 2019

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA # 84.010 – Title I
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	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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OHIO AUDITOR OF STATE  
**KEITH FABER**



**INDIAN CREEK LOCAL SCHOOL DISTRICT**

**JEFFERSON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 28, 2019**