



**Mary Taylor, CPA**  
Auditor of State



**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	17
Statement of Fund Net Assets – Proprietary Fund.....	18
Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Fund.....	19
Statement of Cash Flows – Proprietary Fund.....	20
Statement of Fiduciary Net Assets – Fiduciary Funds.....	21
Statement of Changes in Fiduciary Net Assets Private Purpose Trust Fund.....	22
Notes to the Basic Financial Statements.....	23
Federal Awards Receipts and Expenditures Schedule.....	55
Notes to the Federal Awards Receipts and Expenditures Schedule.....	56
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	57
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	59
Schedule of Findings.....	61
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	63

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Indian Valley Local School District  
Tuscarawas County  
P.O. Box 171  
Gnadenhutten, Ohio 44629

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

December 11, 2009

## INDIAN VALLEY LOCAL SCHOOL DISTRICT

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

---

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

#### ***Financial Highlights***

Key financial highlights for 2009 are as follows:

- General revenues accounted for \$13,743,082 in revenue or 77 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$4,207,589 or 23 percent of total revenues of \$17,950,671.
- Total program expenses were \$18,646,233.
- In total, net assets decreased \$695,562. This represents a 2 percent decrease in net assets from 2008.
- Outstanding debt and related liabilities, excluding capital lease liability, decreased from \$13,778,318 to \$13,200,303 through the payment of debt.

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

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

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

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

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

A question typically asked about the School District's finances is "How did we do financially during fiscal year 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all non-fiduciary assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

## INDIAN VALLEY LOCAL SCHOOL DISTRICT

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

---

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

In the Statement of Net Assets and the Statement of Activities, the School District is reported as a governmental activity.

- Governmental Activities - The School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food services.

### ***Reporting the School District's Most Significant Funds***

#### *Fund Financial Statements*

The analysis of the School District's major funds begins on page 7. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for 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 bond retirement debt service fund.

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

**Proprietary Funds** – Proprietary funds have historically operated as *enterprise* and *internal service funds* using the same basis of accounting as business-type activities. The internal service fund accounts for the self-insurance fund for health insurance coverage and is reported separately as the School District's only proprietary fund.

**Fiduciary Funds** – The School District's fiduciary funds are for a Private Purpose Trust and Student Managed Activities. The School District's fiduciary activities are reported in the Statement of Fiduciary Net Assets. We exclude those activities from the School District's other financial statements because the assets can't be used by the School District to finance operations.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**

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

---

---

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2009 compared to 2008:

**(Table 1)  
Net Assets**

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Current and Other Assets	\$ 10,043,895	\$ 11,410,501
Capital Assets	<u>45,989,141</u>	<u>46,611,963</u>
Total Assets	<u>56,033,036</u>	<u>58,022,464</u>
<b>Liabilities</b>		
Long-Term Liabilities:		
Due Within One Year	752,695	732,429
Due in More Than One Year	13,857,800	14,356,293
Other Liabilities	<u>7,288,010</u>	<u>8,103,649</u>
Total Liabilities	<u>21,898,505</u>	<u>23,192,371</u>
<b>Net Assets</b>		
Invested in Capital		
Assets Net of Related Debt	33,232,741	33,263,685
Restricted for:		
Capital Projects	131,199	890,188
Debt Service	1,213,832	1,145,833
Other Purposes	341,951	384,330
Unrestricted	<u>(785,192)</u>	<u>(853,943)</u>
Total Net Assets	<u>\$ 34,134,531</u>	<u>\$ 34,830,093</u>

Total assets decreased by \$1,989,428. The decrease can be attributed to a decrease in intergovernmental receivables and taxes receivable. The decrease in taxes is due to the phasing out of tangible personal property tax. Total liabilities decreased by \$1,293,866 is due to the payment of contracts and debt. Deferred revenue also decreased due to the decrease in tax receivable.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**

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

Table 2 shows the changes in net assets for fiscal year 2009. This table presents two fiscal years in side-by-side comparisons. This enables the reader to draw further conclusion about the School District's financial status and possibly project future problems.

**(Table 2)  
Governmental Activities**

	<u>2009</u>	<u>2008</u>
<b>Revenues:</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 2,003,197	\$ 1,875,424
Operating Grants	2,196,783	2,153,884
Capital Grants and Contributions	7,609	27,640
<i>General Revenue:</i>		
Property Taxes	4,855,698	4,167,523
Grants and Entitlements	8,802,557	9,265,187
Other	84,827	453,613
<i>Total Revenues</i>	<u>17,950,671</u>	<u>17,943,271</u>
 <i>Program Expenses:</i>		
Instruction	10,585,352	10,875,713
Support Services	6,132,543	7,091,582
Operation of Non-Instructional Services	840,170	851,750
Extracurricular Activities	523,670	484,344
Interest and Fiscal Charges	564,498	568,673
Refund to Grantor Agency	0	560,021
<i>Total Expenses</i>	<u>18,646,233</u>	<u>20,432,083</u>
 Increase (Decrease) in Net Assets	 <u>\$ (695,562)</u>	 <u>\$ (2,488,812)</u>

**Governmental Activities**

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. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. General revenues, including tax revenue, investment earnings, and unrestricted state entitlements, support the net cost of program services.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**

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

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

	2009		2008	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 10,585,352	\$ (7,672,612)	\$ 10,875,713	\$ (7,999,987)
Support Services:				
Pupil and Instructional Staff	1,066,349	(961,427)	1,040,462	(905,727)
Board of Education, Administration, Fiscal and Business	1,740,647	(1,740,647)	1,797,168	(1,778,647)
Operation and Maintenance of Plant	2,082,196	(2,025,409)	3,080,535	(3,023,648)
Pupil Transportation	1,216,974	(1,204,114)	1,145,921	(1,130,281)
Central	26,377	(8,828)	27,496	(8,995)
Operation of Non-Instructional	840,170	37,688	851,750	(101,422)
Extracurricular Activities	523,670	(298,797)	484,344	(297,734)
Interest and Fiscal Charges	564,498	(564,498)	568,673	(568,673)
Refund to Grantor Agency	0	0	560,021	(560,021)
<b>Total</b>	<b>\$ 18,646,233</b>	<b>\$ (14,438,644)</b>	<b>\$ 20,432,083</b>	<b>\$ (16,375,135)</b>

Instruction and student support services comprise 62 percent of governmental program expenses. Other support services such as board of education, administration, fiscal, business and central were 9 percent of governmental program expenses. Interest and fiscal charges was 3 percent. Interest expense was attributable to the outstanding bonds. Pupil transportation and the operation and maintenance of facilities accounts for 18 percent of governmental program expenses. Operation of non-instructional services, consisting primarily of food service operations, comprises 5 percent of governmental program expenses. Extracurricular activities comprise 3 percent of total expenses

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is a significant support for Indian Valley Local School District (35 percent of total general revenues). Nonspecific state support, however, was the primary support of the School District at 64 percent of total general revenues.

***The School District's Funds***

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$18,268,461 and expenditures of \$18,663,756. The net change in fund balance for the year was a decrease of \$395,295. The general fund balance and the bond retirement fund increased by \$71,062 and \$57,755, respectively. The School District understands that it needs to continue to monitor expenditures to ensure that the School District's current obligations will continue to be met without the requirement of additional tax levies.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**

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

---

---

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2009, the School District did modify its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. However, the general fund original budget was increased by 1 percent during the year as additional revenues became available.

For the general fund, budget basis revenue was \$268,000 over the original budget estimates of \$14,104,500 (including other financing uses). This \$268,000 variance was attributable to increased intergovernmental revenue.

Final appropriations of \$15,698,381 (including other financing sources) were \$435,000 higher than the \$15,263,381 (including other financing sources) in the original budget. The majority of the increase is due to higher fuel and utilities prices. Actual expenditures and encumbrances of \$14,632,024 were \$1,066,357 lower than the final appropriations. Actual expenditures were lower than anticipated.

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2009, the School District had \$45,989,141 invested in land, buildings and improvements, improvements other than buildings, furniture and equipment and vehicles. Table 4 shows fiscal year 2009 balances compared with 2008.

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

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 91,144	\$ 91,144
Buildings and Improvements	44,383,010	45,110,451
Improvements Other Than Buildings	199,727	170,385
Furniture and Equipment	900,766	869,365
Vehicles	414,494	370,618
Totals	<u>\$ 45,989,141</u>	<u>\$ 46,611,963</u>

The \$622,822 decrease in capital assets was attributable to depreciation expense exceeding additional purchases. See Note 8 for additional information.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**

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

---

**Capital Assets (Continued)**

Senate Bill 345 requires the School District to set aside \$166.95 per pupil of certain general fund revenues in each of two areas, one for the purchase of textbooks and instructional materials and the other for capital improvements. For fiscal year 2009, this amounted to \$292,538 for each set aside. The School District had qualifying disbursements or offsets exceeding the requirement for both set asides. See Note 18 for additional set-aside information.

**Debt**

At June 30, 2009, the School District had \$13,163,303 in bonds outstanding with \$700,000 due within one year. The School District also has an installment loan agreement of which \$12,000 was paid during 2009 resulting in a balance of \$37,000, of which \$12,000 will be due within one year. Table 5 summarizes debt outstanding.

**(Table 5)  
Outstanding Debt, at June 30**

	Governmental Activities 2009	Governmental Activities 2008
	<u>2009</u>	<u>2008</u>
General Obligation Bonds	\$ 13,163,303	\$ 13,729,318
Installment Loan	<u>37,000</u>	<u>49,000</u>
Totals	<u>\$ 13,200,303</u>	<u>\$ 13,778,318</u>

In 1995, the School District passed a bond issue providing \$7,430,000 for school building construction issues. During fiscal year 2005, refunding bonds were issued to retire this debt. In 2005, the School District also issued \$5,924,989 in general obligation bonds to construct new school buildings. In 2002, the School District entered into an installment loan for \$120,000 to purchase land and a bus garage. See Note 12 for additional information.

***Economic Factors***

The Indian Valley Local School District continues to receive strong support from the residents of the School District. The last operating levies passed by the residents of the District were a renewal in November 2008, which will generate revenue of \$530,000 per year, for a period of five years and a renewal in November 2006, which will generate revenue of \$600,000 per year, for a period of five years. Also, in May 2005, the District residents passed an \$8,483,000 Bond Issue as their local share in an Ohio School Facilities Commission (OSFC) Classroom Facilities Assistance Program. The total project cost of \$42,436,000, provided the District with two (2) new elementary schools, a new middle school, and a 30,000 square foot addition and renovations to the high school. All of the schools were opened in September 2007.

## INDIAN VALLEY LOCAL SCHOOL DISTRICT

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

---

Real estate and personal property tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Property tax revenue makes up only 30 percent of revenues for governmental activities for the Indian Valley Local School District in fiscal year 2009. Unlike many other school districts, the Indian Valley Local School District is not primarily dependent upon revenues generated from property taxes.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional school funding system, one that was neither "adequate" nor "equitable". In July 2009, the State approved a new biennial budget (HB1) . Many of the greatest changes made in HB1 were the way school districts are funded, as the old system was replaced with the Ohio Evidence Based Model (OEBM). It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

The Indian Valley Local School District has not anticipated any meaningful growth in State revenue as HB1 has set the gain cap on the OEBM to .75% in each fiscal year. In FY 2010 and FY2011 the State will receive Federal Stimulus funds from the American Recovery and Reinvestment Act of 2009 (ARRA) to help stabilize State budgets in order to avoid reductions in education funding. These funds will be provided to the district through the state foundation formula, which is capped at a .75% gain.

Also, over the next year, other Federal (ARRA) Stimulus funds (Title 1 and Title VI-B), will flow through the State on to the school district. The additional Title 1 funds, will be used to improve student achievement through school improvement and intervention services. The additional Title VI-B funds will be used for special education services for children with disabilities. All of these additional funds will help save and also create a few jobs, as well as provide new equipment and professional development for the District.

How the legislature plans to fund education programs after the next two years remains a concern. Therefore, all of the School District's financial abilities will be needed to meet the challenges of the future to provide the resources to meet student needs.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brad Maholm, Treasurer of Indian Valley Local School District, 100 N. Walnut Street, Gnadenuhnten, Ohio 44629, e-mail [iv\\_brad@omersa.net](mailto:iv_brad@omersa.net).

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**

*Statement of Net Assets*

*June 30, 2009*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 4,563,735
Receivables:	
Taxes	5,068,249
Accounts	30,307
Intergovernmental	127,378
Prepaid Items	46,456
Inventory Held For Resale	14,674
Materials and Supplies Inventory	2,937
Deferred Charges	190,159
Nondepreciable Capital Assets	91,144
Depreciable Capital Assets, Net	45,897,997
<i>Total Assets</i>	56,033,036
<b>Liabilities</b>	
Accounts Payable	104,759
Contracts Payable	95,849
Accrued Wages and Benefits	1,609,720
Accrued Vacation Payable	37,039
Matured Compensated Absences Payable	82,995
Accrued Interest Payable	35,639
Intergovernmental Payable	929,221
Deferred Revenue	4,392,788
Long Term Liabilities:	
Due Within One Year	752,695
Due In More Than One Year	13,857,800
<i>Total Liabilities</i>	21,898,505
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	33,232,741
Restricted for:	
Capital Outlay	131,199
Debt Service	1,213,832
Other Purposes	341,951
Unrestricted	(785,192)
<i>Total Net Assets</i>	\$ 34,134,531

See accompanying notes to the basic financial statements.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2009*

	Program Revenues				Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 7,140,814	\$ 1,409,993	\$ 115,924	\$ 0	\$ (5,614,897)
Special	1,655,314	2,067	1,317,482	0	(335,765)
Vocational	196,643	0	55,744	0	(140,899)
Student Intervention Services	204,982	0	0	0	(204,982)
Other	1,387,599	0	11,530	0	(1,376,069)
Support Services:					
Pupils	547,315	0	4,069	0	(543,246)
Instructional Staff	519,034	0	100,853	0	(418,181)
Board of Education	42,931	0	0	0	(42,931)
Administration	1,184,963	0	0	0	(1,184,963)
Fiscal	389,695	0	0	0	(389,695)
Business	123,058	0	0	0	(123,058)
Operation and Maintenance of Plant	2,082,196	0	56,787	0	(2,025,409)
Pupil Transportation	1,216,974	0	5,251	7,609	(1,204,114)
Central	26,377	0	17,549	0	(8,828)
Operation of Non-Instructional Services:					
Food Service Operations	828,670	418,057	448,301	0	37,688
Community Services	11,500	0	11,500	0	0
Extracurricular Activities	523,670	173,080	51,793	0	(298,797)
Interest and Fiscal Charges	564,498	0	0	0	(564,498)
<b>Total Governmental Activities</b>	<b>\$ 18,646,233</b>	<b>\$ 2,003,197</b>	<b>\$ 2,196,783</b>	<b>\$ 7,609</b>	<b>(14,438,644)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	3,766,363
Debt Service	1,019,626
Other Purposes	69,709
Grants and Entitlements Not Restricted to Specific Programs	8,802,557
Investment Earnings	56,392
Miscellaneous	28,435

*Total General Revenues*

13,743,082

Change in Net Assets

(695,562)

*Net Assets Beginning of Year*

34,830,093

*Net Assets End of Year*

\$ 34,134,531

See accompanying notes to the basic financial statements.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**

*Balance Sheet  
Governmental Funds  
June 30, 2009*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,107,638	\$ 1,066,365	\$ 1,325,346	\$ 4,499,349
Receivables:				
Taxes	3,917,889	1,075,940	74,420	5,068,249
Accounts	4,677	0	25,630	30,307
Interfund	20,629	0	0	20,629
Intergovernmental	0	0	127,378	127,378
Prepaid Items	46,456	0	0	46,456
Inventory Held For Resale	0	0	14,674	14,674
Materials and Supplies Inventory	0	0	2,937	2,937
<i>Total Assets</i>	<u>\$ 6,097,289</u>	<u>\$ 2,142,305</u>	<u>\$ 1,570,385</u>	<u>\$ 9,809,979</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	74,863	0	29,896	104,759
Contracts Payable	9,031	0	86,818	95,849
Accrued Wages and Benefits	1,390,702	0	219,018	1,609,720
Interfund Payable	0	0	20,629	20,629
Intergovernmental Payable	351,764	0	577,457	929,221
Deferred Revenue	3,659,832	1,000,413	137,591	4,797,836
Matured Compensated Absences Payable	77,136	0	5,859	82,995
<i>Total Liabilities</i>	<u>5,563,328</u>	<u>1,000,413</u>	<u>1,077,268</u>	<u>7,641,009</u>
<b>Fund Balances</b>				
Fund Balance:				
Reserved for Encumbrances	60,910	0	16,609	77,519
Reserved for Prepaid Items	46,456	0	0	46,456
Reserved for Property Taxes	258,057	75,527	5,128	338,712
Unreserved, Undesignated Reported in:				
General Fund	168,538	0	0	168,538
Special Revenue Funds	0	0	330,613	330,613
Debt Service Fund	0	1,066,365	0	1,066,365
Capital Projects Funds	0	0	140,767	140,767
<i>Total Fund Balances</i>	<u>533,961</u>	<u>1,141,892</u>	<u>493,117</u>	<u>2,168,970</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 6,097,289</u>	<u>\$ 2,142,305</u>	<u>\$ 1,570,385</u>	<u>\$ 9,809,979</u>

See accompanying notes to the basic financial statements.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2009*

<b>Total Governmental Fund Balances</b>		\$ 2,168,970
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		45,989,141
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 46,337	
Delinquent Property Taxes	336,749	
Accounts Receivable	21,962	
Total		405,048
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		190,159
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(35,639)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.		64,386
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Vacation Payable	(37,039)	
General Obligation Bonds	(11,260,000)	
Capital Appreciation Bonds	(1,147,983)	
Bond Accretion	(445,924)	
Unamortized Bond Premium	(473,061)	
Refunding Loss	163,665	
Installment Loan	(37,000)	
Capital Leases Payable	(192,180)	
Compensated Absences	(1,218,012)	
Total		(14,647,534)
<i>Net Assets of Governmental Activities</i>		\$ 34,134,531

See accompanying notes to the basic financial statements.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2009*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 3,727,133	\$ 1,009,382	\$ 69,011	\$ 4,805,526
Intergovernmental	9,120,114	185,358	1,822,349	11,127,821
Investment Income	56,392	0	13,812	70,204
Tuition and Fees	1,409,333	0	0	1,409,333
Extracurricular Activities	0	0	173,079	173,079
Rentals	2,726	0	0	2,726
Charges for Services	0	0	418,058	418,058
Gifts and Donations	59,220	0	43,294	102,514
Miscellaneous	5,941	0	381	6,322
<i>Total Revenues</i>	<u>14,380,859</u>	<u>1,194,740</u>	<u>2,539,984</u>	<u>18,115,583</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	5,863,683	0	35,048	5,898,731
Special	744,271	0	916,491	1,660,762
Vocational	188,134	0	4,000	192,134
Student Intervention Services	173,423	0	31,559	204,982
Other	1,371,054	0	60	1,371,114
Support Services:				
Pupils	538,839	0	4,064	542,903
Instructional Staff	410,430	0	103,486	513,916
Board of Education	42,931	0	0	42,931
Administration	1,133,999	0	43,395	1,177,394
Fiscal	360,502	24,192	1,652	386,346
Business	119,926	0	0	119,926
Operation and Maintenance of Plant	1,868,097	0	201,001	2,069,098
Pupil Transportation	1,122,400	0	5,106	1,127,506
Central	10,215	0	16,162	26,377
Operation of Non-Instructional Services:				
Food Service Operations	0	0	794,280	794,280
Community Services	0	0	11,500	11,500
Extracurricular Activities	255,663	0	237,725	493,388
Capital Outlay	196,850	0	658,567	855,417
Debt Service:				
Principal Retirement	54,867	675,000	0	729,867
Interest and Fiscal Charges	7,391	437,793	0	445,184
<i>Total Expenditures</i>	<u>14,462,675</u>	<u>1,136,985</u>	<u>3,064,096</u>	<u>18,663,756</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(81,816)	57,755	(524,112)	(548,173)
<b>Other Financing Sources:</b>				
Inception of Capital Lease	142,760	0	0	142,760
Proceeds from Sale of Capital Assets	10,118	0	0	10,118
<i>Total Financing Sources</i>	<u>152,878</u>	<u>0</u>	<u>0</u>	<u>152,878</u>
<i>Net Change in Fund Balance</i>	71,062	57,755	(524,112)	(395,295)
<i>Fund Balance Beginning of Year</i>	<u>462,899</u>	<u>1,084,137</u>	<u>1,017,229</u>	<u>2,564,265</u>
<i>Fund Balance End of Year</i>	<u>\$ 533,961</u>	<u>\$ 1,141,892</u>	<u>\$ 493,117</u>	<u>\$ 2,168,970</u>

See accompanying notes to the basic financial statements.

**INDIAN VALLEY 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, 2009*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(395,295)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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	\$ 982,521	
Current Year Depreciation	<u>(1,566,238)</u>	(583,717)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(39,105)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	(237,045)	
Delinquent Property Taxes	50,171	
Accounts Receivable	<u>21,962</u>	(164,912)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
General Obligation Bonds	675,000	
Installment Loan	12,000	
Capital Leases	<u>42,867</u>	729,867
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The governmental report the effects of premiums and issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement activities.		
Accrued Interest	688	
Refunding Loss Amortization	(14,878)	
Accretion on Capital Appreciation Bonds	(124,773)	
Bond Issuance Costs	(11,017)	
Bond Premium Amortization	<u>30,666</u>	(119,314)
Proceeds from lease in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues.		
		(142,760)
Some expenses reported in the statement of activities do not use the current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	105	
Accrued Vacation Payable	<u>17,698</u>	17,803
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the internal service fund is reported with governmental activities.		
		<u>1,871</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$</u>	<u>(695,562)</u>

See accompanying notes to the basic financial statements.

**INDIAN VALLEY 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, 2009*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$ 3,728,000	\$ 3,714,000	\$ 3,709,173	\$ (4,827)
Intergovernmental	8,914,000	9,108,000	9,120,114	12,114
Investment Income	77,500	57,500	56,392	(1,108)
Tuition and Fees	1,340,000	1,401,000	1,409,401	8,401
Rentals	2,000	2,000	2,726	726
Gifts and Donations	25,000	55,000	59,220	4,220
Miscellaneous	2,000	2,000	1,783	(217)
<i>Total Revenues</i>	14,088,500	14,339,500	14,358,809	19,309
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,987,705	6,020,705	5,952,854	67,851
Special	781,335	784,085	735,558	48,527
Vocational	220,965	220,965	191,973	28,992
Student Intervention Services	116,300	176,300	173,423	2,877
Other	1,326,000	1,356,000	1,352,920	3,080
Support Services:				
Pupils	503,018	568,018	545,214	22,804
Instructional Staff	414,534	441,534	411,176	30,358
Board of Education	49,600	50,850	45,326	5,524
Administration	1,147,508	1,165,508	1,126,142	39,366
Fiscal	384,848	390,848	366,162	24,686
Business	124,625	124,625	119,362	5,263
Operation and Maintenance of Plant	2,289,859	2,388,859	2,047,671	341,188
Pupil Transportation	1,409,035	1,436,035	1,132,606	303,429
Central	16,000	16,000	10,215	5,785
Extracurricular Activities	325,053	349,053	289,252	59,801
Capital Outlay	69,996	100,996	99,541	1,455
Debt Service:				
Principal Retirement	12,000	12,000	12,000	0
<i>Total Expenditures</i>	15,178,381	15,602,381	14,611,395	990,986
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,089,881)	(1,262,881)	(252,586)	1,010,295
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Assets	0	10,000	10,118	118
Refund of Prior Year Expenditures	0	7,000	7,406	406
Other Financing Uses	0	0	7	7
Advances In	16,000	16,000	16,052	52
Advances Out	(10,000)	(21,000)	(20,629)	371
Transfers Out	(75,000)	(75,000)	0	75,000
<i>Total Other Financing Sources (Uses)</i>	(69,000)	(63,000)	12,954	75,954
<i>Net Change in Fund Balance</i>	(1,158,881)	(1,325,881)	(239,632)	1,086,249
<i>Fund Balance Beginning of Year</i>	1,865,164	1,865,164	1,865,164	0
Prior Year Encumbrances Appropriated	324,559	324,559	324,559	0
<i>Fund Balance End of Year</i>	\$ 1,030,842	\$ 863,842	\$ 1,950,091	\$ 1,086,249

See accompanying notes to the basic financial statements.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**

*Statement of Fund Net Assets*

*Proprietary Fund*

*June 30, 2009*

---

---

	Governmental Activities - Internal Service Fund
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 64,386
<b>Net Assets</b>	
Unrestricted	\$ 64,386

See accompanying notes to the basic financial statements.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**  
*Statement of Revenues, Expenses, and Changes in Fund Net Assets*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2009*

	Governmental Activities - Internal Service Fund
<b>Operating Revenues</b>	
Other Operating Revenues	\$ 1,880
<b>Operating Expenses</b>	
Claims	9
<i>Total Operating Expenses</i>	9
<i>Change in Net Assets</i>	1,871
<i>Net Assets Beginning of Year</i>	62,515
<i>Net Assets End of Year</i>	\$ 64,386

See accompanying notes to the basic financial statements.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**

*Statement of Cash Flows*

*Proprietary Fund*

*For the Fiscal Year Ended June 30, 2009*

---

	Governmental Activities - Internal Service Fund
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows From Operating Activities</b>	
Cash Payments for Claims	\$ (9)
Other Cash Receipts	1,880
	<hr/>
<i>Net Cash Provided By Operating Activities</i>	1,871
	<hr/>
<i>Net Increase in Cash and Cash Equivalents</i>	1,871
	<hr/>
<i>Cash and Cash Equivalents Beginning of Year</i>	62,515
	<hr/>
<i>Cash and Cash Equivalents End of Year</i>	\$ 64,386
	<hr/> <hr/>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>	
<i>Operating Income</i>	\$ 1,871
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2009*

---

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$ 10,216</u>	<u>\$ 33,905</u>
<b>Liabilities</b>		
Due to Students	<u>0</u>	<u>\$ 33,905</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>10,216</u>	
<i>Total Net Assets</i>	<u>\$ 10,216</u>	

See accompanying notes to the basic financial statements.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT**

*Statement of Changes in Fiduciary Net Assets*

*Private Purpose Trust Fund*

*For the Fiscal Year Ended June 30, 2009*

---

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
<b>Additions</b>	
Interest	<u>\$ 436</u>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	<u>413</u>
<i>Change in Net Assets</i>	23
<i>Net Assets Beginning of Year</i>	<u>10,193</u>
<i>Net Assets End of Year</i>	<u><u>\$ 10,216</u></u>

See accompanying notes to the basic financial statements.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

---

**NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY**

The Indian Valley Local School District (the "School District") was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District. Average daily membership on October 1, 2008, was 1,808. The School District employs 124 certificated and 82 non-certificated employees.

The reporting entity is required to be composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service and student related activities of the School District.

The School District is involved with Ohio Mid-Eastern Regional Educational Services Association (OME-RESA), Tuscarawas County Tax Incentive Review Council and Buckeye Career Center, which are defined as jointly governed organizations, the Portage Area School Consortium and Ohio School Boards Association Workers' Compensation Group Rating Program, which are a insurance purchasing pool and the Gnadenhutzen Public Library, which is defined as a related organization. Additional information concerning the related and jointly governed organizations and the Insurance Purchasing Pool is presented in Notes 14, 15 and 16.

Management believes the basic financial statements included in the report represent all of the funds of the School District over which the School District has the ability to exercise direct operating control. There are no component units.

**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 local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental type activities and to its internal service fund provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The statement of net assets presents the financial condition of the governmental activities of the School District at 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 limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or 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 financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

***B. Fund Accounting***

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

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

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

***Bond Retirement Fund*** The bond retirement fund accounts for the accumulation of resources for and the payment of general obligation principal and interest.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Proprietary Funds** Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. The School District's only proprietary fund is an internal service fund.

**Internal Service Fund** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee medical and prescription drug benefits.

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

**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and liabilities associated with the operation of the School District are included on the statement of net assets.

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities. The private purpose trust fund is reported using the economic resources measurement focus.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Basis of Accounting***

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal 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, student fees, and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Expenses/Expenditures* On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expenditure with a like amount reported as intergovernmental revenue.

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

***E. Cash and Cash Equivalents***

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents".

During fiscal year 2009, investments were limited to STAROhio and certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2009. Certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$56,392, which includes \$16,240 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***F. Prepaid Items***

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

***G. Inventory***

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

***H. Deferred Charges***

On the governmental fund statements, bond issuance costs are recorded as an expenditure when incurred. Bond issuance costs are reported as deferred and amortized over the term of the bonds using the straight-line method on the government-wide statements since the results are not significantly different from the effective-interest or bonds outstanding methods.

***I. Capital Assets***

General capital assets are those assets that result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District's capitalization threshold is \$2,500 for its general capital assets. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 50 Years
Improvements Other Than Buildings	20 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 Years

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***J. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

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

***K. Bond Premiums***

Bond premiums are recorded as another financing source on the governmental fund statements. The bond premiums are deferred and amortized over the term of the bond using the straight-line method on the government-wide statements since the results are not significantly different from the effective-interest or bonds outstanding methods. Bond premiums are presented as an increase of the face amount of the bonds payable.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations from the internal service fund are reported on the proprietary fund financial statements.

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

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***M. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include instructional activities, grants and extracurricular activities. At June 30, 2009, none of the School District's net assets were restricted by enabling legislation.

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

***N. Fund Balance Reserves***

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances, property taxes and prepaid items.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

***O. Operating Revenues and Expenses***

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

***P. Interfund Activity***

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

***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2009.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***R. 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.

***S. Budgetary Data***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The alternative 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 sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level for all funds. The treasurer has been given the authority to allocate Board appropriations to the function and object levels 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 District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect when the final appropriations were passed.

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

***T. Changes in Accounting Principles***

For the year ended June 30, 2009, the School District has implemented GASB Statement No. 52, "*Land and Other Real Estate Held as Investments by Endowments*", GASB Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", and GASB Statement No. 56, "*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*".

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

**NOTE 3: FUND DEFICITS**

Fund balances at June 30, 2009 included the following individual fund deficits:

	<u>Deficit</u>
<i>Non-Major Special Revenue Funds:</i>	
Title VI	\$ 13,696
Title I	12,374
Title VIR	3,357
Miscellaneous Grants	60
Athletic Fund	22,791

The deficits in those funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

**NOTE 4: 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, is presented for the general fund on the budgetary basis to provide meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 4: BUDGETARY BASIS OF ACCOUNTING (Continued)**

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund.

**Net Change in Fund Balance**

	<u>General</u>
GAAP Basis	\$ 71,062
Net Adjustment for Revenue Accruals	(157,397)
Advances In	16,052
Advances Out	(20,629)
Net Adjustment for Expenditure Accruals	8,827
Adjustment for Encumbrances	<u>(157,547)</u>
 Budget Basis	 <u>\$ (239,632)</u>

**NOTE 5: DEPOSITS AND INVESTMENTS**

State statues classify monies held by the School District into three categories.

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

Inactive deposits are public deposits 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 or depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim monies are those 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 VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 5: DEPOSITS AND INVESTMENTS (Continued)**

Interim monies may be deposited or invested in the following securities:

- 1) United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- 2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3) Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
- 4) Bonds and any other obligations of the State of Ohio;
- 5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- 6) The State Treasury Asset Reserve of Ohio (STAROhio).
- 7) Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
- 8) Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

**NOTE 5: DEPOSITS AND INVESTMENTS (Continued)**

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 School District or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

According to state law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During 2009, the School District and public depositories complied with the provisions of these statutes.

**Deposits with Financial Institutions**

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. All deposits are collateralized with specific collateral held at the Federal Reserve Bank in the name of the School District.

At fiscal year-end, the carrying amount of the School District's deposits was \$45,622, which includes \$1,339 cash on hand. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2009, the School District's entire bank balance of \$105,691 was covered by Federal Deposit Insurance Corporation, and \$0 was uninsured and uncollateralized.

**Investments**

As of June 30, 2009, the School District had the following investments and maturities:

Investment Type	Maturities	
	Fair Value	6 Months or Less
STAROhio	\$ 4,562,234	\$ 4,562,234
Total	\$ 4,562,234	\$ 4,562,234

**Interest Rate Risk** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District's investment policy limits investment portfolio maturities to five years or less for investments.

**Credit Risk** STAROhio has been given an AAAM rating by Standard & Poor's.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

**NOTE 5: DEPOSITS AND INVESTMENTS (Continued)**

*Concentration of Credit Risk* The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the School District at June 30, 2009:

Investment Type	Fair Value	Percent of Total
STAROhio	\$ 4,562,234	100.00%
Total	\$ 4,562,234	100.00%

**NOTE 6: RECEIVABLES**

Receivables at June 30, 2009 consisted of taxes, accounts (customer services and student fees), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All are expected to be collected within one year.

**NOTE 7: PROPERTY TAXES**

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

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

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

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 7: PROPERTY TAXES (Continued)**

Tangible personal property tax revenue received during calendar 2009 (other than public utility property) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2009, on the value as of December 31, 2008. For 2008, tangible personal property was assessed at 12.5 percent for property including inventory. This percentage will be reduced to 6.25 percent for 2009 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2007-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Tuscarawas County. The County Auditor periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2009, was \$258,057 in the general fund, \$5,128 in the classroom facilities maintenance special revenue fund and \$75,527 in the bond retirement debt service fund.

The amount available as an advance at June 30, 2008, was \$240,097 in the general fund, \$4,746 in the classroom facilities maintenance special revenue fund and \$69,859 in the bond retirement debt service fund.

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

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

**NOTE 7: PROPERTY TAXES (Continued)**

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

	<u>2008 Second Half Collections</u>		<u>2009 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and Other Real Estate	\$ 123,887,990	77.02%	\$ 126,462,730	79.58%
Commercial Industrial	14,244,600	8.86%	14,270,610	8.98%
Tangible Personal Property	5,840,170	3.62%	-	0.00%
Personal Public Utility	16,883,180	10.50%	18,184,590	11.44%
	<u>\$ 160,855,940</u>	<u>100.00%</u>	<u>\$ 158,917,930</u>	<u>100.00%</u>
 Tax rate per \$1,000 assessed valuation	 <u>\$ 44.40</u>		 <u>\$ 44.35</u>	

*This space is intentionally blank.*

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

**NOTE 8: CAPITAL ASSETS**

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

	Balance 6/30/2008	Additions	Reductions	Balance 6/30/2009
<b>Governmental Activities</b>				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 91,144	\$ 0	\$ 0	\$ 91,144
 <i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	50,768,584	685,540	0	51,454,124
Improvements Other Than Buildings	722,678	21,800	0	744,478
Furniture and Equipment	1,902,972	167,943	(204,460)	1,866,455
Vehicles	1,705,780	107,238	(67,760)	1,745,258
<i>Total Capital Assets, Being Depreciated</i>	<u>55,100,014</u>	<u>982,521</u>	<u>(272,220)</u>	<u>55,810,315</u>
 <i>Less Accumulated Depreciation:</i>				
Buildings and Building Improvements	(5,658,133)	(1,412,981)	0	(7,071,114)
Improvements Other Than Buildings	(552,293)	0	7,542	(544,751)
Furniture and Equipment	(1,033,607)	(89,895)	157,813	(965,689)
Vehicles	(1,335,162)	(63,362)	67,760	(1,330,764)
<i>Total Accumulated Depreciation</i>	<u>(8,579,195)</u>	<u>(1,566,238) *</u>	<u>233,115</u>	<u>(9,912,318)</u>
 <i>Total Capital Assets Being Depreciated, Net</i>	<u>46,520,819</u>	<u>(583,717)</u>	<u>(39,105)</u>	<u>45,897,997</u>
 <i>Governmental Activities Capital Assets, Net</i>	<u>\$ 46,611,963</u>	<u>\$ (583,717)</u>	<u>\$ (39,105)</u>	<u>\$ 45,989,141</u>

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

Instruction:	
Regular	\$ 1,389,518
Special	723
Vocational	1,989
Support Services:	
Instructional Staff	124
Administration	5,168
Fiscal	654
Business	780
Operation and Maintenance of Plant	10,976
Pupil Transportation	90,915
Operation of Non-Instructional Services:	
Food Service Operations	35,109
Extracurricular Activities	30,282
Total Depreciation	<u>\$ 1,566,238</u>

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 9: RISK MANAGEMENT**

***A. General Insurance***

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of \$2,500 per incident on property and equipment. The School District's comprehensive property and casualty policy aggregate limit is approximately \$48,255,000. The School District's vehicle insurance policy limit is \$1,000,000 with a \$500 collision and comprehensive deductible. All board members, administrators, and employees are covered under a school district liability policy. Additionally, the School District carries an excess (umbrella) liability policy. The limits of this coverage are \$3,000,000 per occurrence and \$3,000,000 in aggregate. Claims did not exceed coverage in the past three years. There has not been a significant reduction in coverage from the prior year.

***B. Fidelity Bond***

The Board President and Superintendent have a \$25,000 position bond. The Treasurer is covered under a surety bond in the amount of \$100,000. All other school employees who are responsible for handling funds are covered by a \$10,000 fidelity bond.

***C. Workers' Compensation***

The School District pays the State Workers' Compensation System, a premium based on a rate per \$100 of salaries. The School District is a member of the Ohio Association of School Business Officials, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

***D. Employee Health Insurance***

The School District established a limited risk management program for its medical insurance program in 2000. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000. The claims liability of \$-0- reported in the internal service fund at June 30, 2009 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

The School District paid medical and prescription drug claims for fiscal year 2007, which exceeded the Stop Loss Reinsurance Aggregate Attachment Point. The School District may be entitled to a reimbursement of approximately \$104,000 from the Stop Loss carrier.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

**NOTE 9: RISK MANAGEMENT (Continued)**

Changes in the fund's claims liability amount in 2009 and 2008 were:

	<u>Balance Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance End of Year</u>
2008	\$ 161,183	\$ 336,891	\$ 498,074	\$ 0
2009	\$ 0	\$ 0	\$ 0	\$ 0

Beginning July 1, 2007, the School District is a member of the Portage Area School Consortium Health and Welfare Insurance Pool (the Consortium), a shared risk pool (See Note 16), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating School Districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve.

**NOTE 10: DEFINED BENEFIT PENSION PLANS**

***A. School Employees Retirement System***

Plan Description - The School District contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$183,791, \$252,456 and \$249,432, respectively; 40 percent has been contributed for fiscal year 2009 and 100 percent for the fiscal years 2008 and 2007.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

***B. State Teachers Retirement System***

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

The School District’s required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2009, 2008 and 2007 were \$816,415, \$874,296 and \$848,508, respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for the fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$6,108 made by the School District and \$22,023 made by the plan members.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, two members of the Board of Education have elected social security. The remaining Board members are enrolled in SERS. The Board's liability is 6.2 percent of wages paid.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

***A. School Employees Retirement System***

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

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

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$84,111, \$88,081, and \$87,229, respectively; 40 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$15,164, \$12,292, and \$11,576, respectively; 40 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

***B. State Teachers Retirement System***

Plan Description - The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS Ohio based on authority granted by State Statute. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$62,801, \$62,829, and \$60,843, respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

*This space is intentionally blank.*

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

**NOTE 12: LONG-TERM OBLIGATIONS**

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

	Outstanding 06/30/2008	Additions	Reductions	Outstanding 06/30/2009	Due in One Year
<b>Governmental Activities:</b>					
General Obligation Bonds:					
2005 Classroom Facilities and School Improvement Bonds:					
Serial and Term Bonds, \$8,395,000, 3.0%-4.25%	\$ 7,935,000	\$ 0	\$ (240,000)	\$ 7,695,000	\$ 250,000
Capital Appreciation Bonds, 9.555%-9.088%	87,994	0	0	87,994	0
Accretion Capital Appreciation Bonds	80,491	38,064	0	118,555	0
Unamortized Premium	252,084	0	(9,696)	242,388	0
2005 School Improvement Refunding Bonds:					
Serial Bonds, 3.0%-4.25%	4,000,000	0	(435,000)	3,565,000	450,000
Capital Appreciation Bonds, 9.555%-9.088%	1,059,989	0	0	1,059,989	0
Accretion Capital Appreciation Bonds	240,660	86,709	0	327,369	0
Unamortized Premium	251,643	0	(20,970)	230,673	0
Refunding Loss	(178,543)	0	14,878	(163,665)	0
2002 Installment Loan:					
\$120,000, 0%	49,000	0	(12,000)	37,000	12,000
Compensated Absences	1,218,117	116,584	(116,689)	1,218,012	0
Capital Leases Payable	92,287	142,760	(42,867)	192,180	40,695
	<u>\$ 15,088,722</u>	<u>\$ 384,117</u>	<u>\$ (862,344)</u>	<u>\$ 14,610,495</u>	<u>\$ 752,695</u>

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 12: LONG-TERM OBLIGATIONS (Continued)**

***2005 School Improvement Bonds***

On June 30, 2005, the School District issued \$8,482,994 in voted general obligation bonds, which included serial, term and capital appreciation (deep discount) bonds in the amount of \$2,610,000, \$5,785,000 and \$87,994, respectively. The general obligation bonds were issued for the purpose of constructing two new elementary schools, a new middle school, and a 30,000 square foot addition and renovations to the high school. The bonds were issued for a twenty-nine year period with final maturity at December 1, 2033.

The bonds were issued with a premium of \$281,172, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2009 was \$9,696. The issuance costs of \$142,862 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for fiscal year 2009 was \$4,926.

The \$8,482,994 bond issue consists of serial term and capital appreciation bonds. The serial term bonds were issued with a varying interest rate of 3.0-4.25 percent. The term bonds that mature in fiscal year 2022, with an interest rate of 4.125 percent are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2020 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$ 310,000
2022	325,000

The term bonds due December 1, 2033, with an interest rate of 4.25 percent, are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2022, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2023	\$ 340,000
2024	355,000
2025	365,000
2026	385,000
2027	400,000
2028	415,000
2029	435,000
2030	450,000
2031	470,000
2032	490,000
2033	510,000
2034	535,000

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 12: LONG-TERM OBLIGATIONS (Continued)**

The term bonds maturing after December 1, 2015 are subject to optional redemption, in whole or in part, on any date in order of maturity as determined by the School District and by lot within a maturity, at the option of the Board of Education on or after June 1, 2015.

The capital appreciation bonds will mature December 1, 2016 through 2019. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$1,240,000. The fiscal year 2009 accretion amount was \$38,064.

***2005 School Improvement Refunding General Obligation Bonds***

On June 30, 2005, the School District issued \$5,924,989 of general obligation bonds, which included serial and capital appreciation (deep discount) bonds in the amount of \$4,865,000 and \$1,059,989, respectively. The bonds refunded \$5,925,000 of outstanding 1995 School Improvement General Obligation Bonds. The bonds were issued for a fifteen-year period with final maturity at December 1, 2019. At the date of refunding, \$6,148,177 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental column of the statement of net assets. The principal balance outstanding on the defeased bonds was \$4,952,358 at June 30, 2009.

These refunding bonds were issued with a premium of \$314,553, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2009 was \$20,970. The issuance costs of \$91,365 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for fiscal year 2009 was \$6,092. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$223,177. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of this difference for fiscal year 2009 was \$14,878.

The capital appreciation bonds mature December 1, 2016 through December 1, 2019. These bonds were purchased at a substantial discount at the time of issuance. At maturity, all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$2,465,000. For fiscal year 2009, the accretion amount was \$86,709.

Outstanding general obligation bonds consist of school building construction issues. Such bonds are direct obligations of the School District for which the full faith, credit and resources are pledged and are payable from taxes levied on all taxable property of the School District.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

**NOTE 12: LONG-TERM OBLIGATIONS (Continued)**

***Installment Loan***

The installment loan to John Fivecoats is for the 2002 purchase of land and a bus garage. The loan is secured by this real estate, and has a final maturity date of September 1, 2012. The loan will be paid from the general fund.

***Other Long-Term Debt***

The capital leases will be paid from the general fund. Compensated absences will be paid from the general fund.

Principal and interest requirements to retire general obligation bonds, capital appreciation bonds and the installment loan outstanding at June 30, 2009 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		Capital Appreciation Bonds		Installment Loan	Totals	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2010	\$ 700,000	\$ 417,168	\$ 0	\$ 0	\$ 12,000	\$ 712,000	\$ 417,168
2011	725,000	395,339	0	0	12,000	737,000	395,339
2012	755,000	371,743	0	0	12,000	767,000	371,743
2013	780,000	346,311	0	0	1,000	781,000	346,311
2014	815,000	319,294	0	0	0	815,000	319,294
2015-2019	1,700,000	1,286,849	887,035	1,877,965	0	2,587,035	3,164,814
2020-2024	1,330,000	1,117,853	260,948	679,052	0	1,590,948	1,796,905
2025-2029	2,000,000	741,413	0	0	0	2,000,000	741,413
2030-2034	2,455,000	269,849	0	0	0	2,455,000	269,849
<b>Total</b>	<b>\$ 11,260,000</b>	<b>\$ 5,265,819</b>	<b>\$ 1,147,983</b>	<b>\$ 2,557,017</b>	<b>\$ 37,000</b>	<b>\$ 12,444,983</b>	<b>\$ 7,822,836</b>

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 13: CAPITALIZED LEASES**

The School District entered into capitalized lease for a copier on August 20, 2007. The total capitalized cost of the copiers was \$39,333. On December 16, 2008 the School District entered into a lease agreement for several copiers. To date the capitalized cost of the copiers are \$182,093. All of the leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital assets acquired by the leases have been capitalized in the Governmental Activities in the amount equal to the present value of the minimum lease payments at the time of acquisition.

Capital lease payments will be reclassified and reflected as debt service expenditures on the fund financial statements for the governmental funds. These expenditures are reflected as support services-operation and maintenance of plant expenditures on the budgetary basis in the general fund.

The following summarizes future minimum lease payments made from the general fund under the above capital leases, and the present values of net minimum lease payments at June 30, 2009:

2010	\$ 49,884
2011	49,884
2012	49,884
2013	42,214
2014	<u>23,730</u>
Total Minimum Lease Payments	215,596
Less: Amounts Representing Interest	<u>23,416</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 192,180</u></u>

**NOTE 14: RELATED ORGANIZATION**

The Gnadenhutten Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as a taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax levy, the rate and purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Gnadenhutten Public Library, Clerk/Treasurer, Gnadenhutten, Ohio.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 15: JOINTLY GOVERNED ORGANIZATIONS**

***A. Ohio Mid-Eastern Regional Educational Services Association (OME-RESA)***

OME-RESA is a jointly governed organization comprised of 52 school districts, created as a regional council of governments pursuant to state statute. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts support OME-RESA based on a per pupil charge dependent upon the software package utilized. The OME-RESA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. OME-RESA is governed by a board of directors chosen from the general membership of the OME-RESA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Jefferson County Education Services Center, which serves as fiscal agent, located in Steubenville, Ohio. During the year ended June 30, 2009, the School District paid \$59,426 to OME-RESA for basic service charges.

***B. Buckeye Career Center***

The Career Center, a joint vocational school established by the Ohio Revised Code, is a jointly governed organization providing vocational services to its eleven-member school districts. The Career Center is governed by a board of education comprised of eleven members appointed by the participating schools. The board controls the financial activity of the Career Center and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Career Center is not dependent on the School District's continued participation and no measurable equity interest exists.

***C. Tuscarawas County Tax Incentive Review Council***

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by township trustees, one member from the County Auditor's office and 8 members appointed by Boards of Education located within the County. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the Council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this Council. The continued existence of the TRTIRC is not dependent on the School District's continued participation and no equity interest exists.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 16: INSURANCE PURCHASING POOL**

***A. Portage Area School Consortium***

The Portage Area School Consortium (the Consortium) is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in the Portage County, Ohio area. The Consortium is a stand alone entity, comprised of two stand-alone Pools; the Portage Area School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These Pools were established by the Consortium on August 5th, 1988 to provide property and casualty risk management services and risk sharing to its members. The Pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

The Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representative to the Consortium (usually the superintendent or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly serves without compensation.

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

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

**NOTE 17: CONTINGENCIES**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

***B. Litigation***

The School District is not party to any claims or lawsuits that would have a material effect on the basic financial statements.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

**NOTE 18: SET-ASIDES**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

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

	Textbooks	Capital Acquisition	Total
Set-aside Balance as of June 30, 2008	\$ (1,133,086)	\$ 0	\$ (1,133,086)
Current Year Set-Aside Requirement	292,538	292,538	585,076
Current Year Offsets	0	(125,415)	(125,415)
Current Year Qualifying Disbursements	(322,111)	(532,703)	(854,814)
 Totals	 \$ (1,162,659)	 \$ (365,580)	 \$ (1,528,239)
 Set-Aside Balance Carried Forward to Future Fiscal Years	 \$ (1,162,659)	 \$ 0	

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future years. Although the School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years.

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2009**

---

**NOTE 19: INTERFUND BALANCES**

Interfund balances at June 30, 2009 consist of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 20,629	\$ 0
Other Governmental Funds:		
Student Athletics	0	5,000
Vocational Education Enhancement	0	3,600
Misc. Federal Grants Fund	0	12,029
	<u>0</u>	<u>12,029</u>
Totals	<u>\$ 20,629</u>	<u>\$ 20,629</u>

The primary purpose of the interfund loans is to cover costs in specific funds where revenues were not received by June 30. These interfund loans will be repaid once the anticipated revenues are received. All interfund loans are expected to be repaid within one year.

**This page intentionally left blank.**

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY  
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Program):						
National School Lunch Program	N/A	10.555		\$130,060		\$130,060
Cash Assistance:						
Breakfast Program	N/A	10.553	\$67,697		\$67,697	
National School Lunch Program	N/A	10.555	323,795		323,795	
Total U.S. Department of Agriculture			<b>391,492</b>	<b>130,060</b>	<b>391,492</b>	<b>130,060</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States (IDEA Part B)	050286-6B-SF-09 050286-6B-SF-08	84.027	349,663 39,402		317,111 75,516	
Total Special Education Grants to States			<b>389,065</b>		<b>392,627</b>	
Grants to Local Educational Agencies (ESEA Title I)	050286-C1-S1-09 050286-C1-S1-08	84.010	504,180 37,017		460,779 82,396	
Total Grants to Local Educational Agencies			<b>541,197</b>		<b>543,175</b>	
Innovative Educational Program Strategies (Title V)	050286-C2-S1-09 050286-C2-S1-08	84.298	1,312 7,263		1,312 6,781	
Total Innovative Educational Program St. (Title V)			<b>8,575</b>		<b>8,093</b>	
Improving Teacher Quality	050286-TR-S1-09 050286-TR-S1-08	84.367	91,889 16,814		82,702 19,669	
Total Improving Teacher Quality			<b>108,703</b>		<b>102,371</b>	
Education Technology State Grants	050286-ET-S1-09 050286-ET-S1-08	84.318	1,971 4,805		2,999 5,485	
Total Education Technology State Grants			<b>6,776</b>		<b>8,484</b>	
Rural Education Grants	050286-RUS1-09 050286-RUS1-08	84.358	1,419 3,707		1,419 7,714	
Total Rural Education Grants			<b>5,126</b>		<b>9,133</b>	
Drug-Free Schools Program	050286-DF-09 050286-DF-08	84.186	4,727 2,384		4,727	
Total Drug-Free Schools Program			<b>7,111</b>		<b>4,727</b>	
Total U.S. Department of Education			<b>1,066,553</b>		<b>1,068,610</b>	
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Temporary Assistance For Needy Families	N/A	93.558	20,449		23,963	
Total U.S. Department of Health and Human Services			20,449		23,963	
<b>Totals</b>			<b>\$1,478,494</b>	<b>\$130,060</b>	<b>\$1,484,065</b>	<b>\$130,060</b>

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

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the fair value.



# Mary Taylor, CPA

Auditor of State

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

Indian Valley Local School District  
Tuscarawas County  
P.O. Box 171  
Gnadenhutten, Ohio 44629

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian Valley Local School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

### **Compliance and Other Matters**

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 11, 2009



# Mary Taylor, CPA

Auditor of State

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

Indian Valley Local School District  
Tuscarawas County  
P.O. Box 171  
Gnadenhutten, Ohio 44629

To the Board of Education:

### Compliance

We have audited the compliance of the Indian Valley Local School District, Tuscarawas County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Indian Valley Local School District, Tuscarawas County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended June 30, 2009.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



**Mary Taylor, CPA**  
Auditor of State

December 11, 2009

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2009**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other 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 internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other 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>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Grants to States CFDA #84.027 and Improving Teacher Quality State Grants CFDA #84.367
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</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.

**This page is intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

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

Indian Valley Local School District  
Tuscarawas County  
P.O. Box 171  
Gnadenhutten, Ohio 44629

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on April 21, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



**Mary Taylor, CPA**  
Auditor of State

December 11, 2009



**Mary Taylor, CPA**  
Auditor of State

**INDIAN VALLEY LOCAL SCHOOL DISTRICT  
TUSCARAWAS 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  
FEBRUARY 9, 2010**