



Dave Yost • Auditor of State



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Indian Lake Local School District  
Logan County  
6210 State Route 235 North  
Lewistown, Ohio 43333

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Lake Local School District, Logan County, Ohio (the District), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement whether due to fraud or error.

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

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Lake Local School District, Logan County, Ohio, as of June 30, 2016, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund thereof for the fiscal year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the modified cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplemental Information*

Our audit was conducted to opine on the financial statements taken as a whole.

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

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

*Other Information*

We applied no procedures to Management's Discussion & Analysis. Accordingly, we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 3, 2017

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**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

The management's discussion and analysis of the Indian Lake Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016, within the limitations of the District's modified cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the modified cash basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2016 are as follows:

- The total net cash position of the District increased \$1,211,360 or 11.27% from fiscal year 2015.
- General cash receipts accounted for \$18,801,698 or 83.67% of total governmental activities cash receipts. Program specific cash receipts accounted for \$3,669,666 or 16.33% of total governmental activities cash receipts.
- The District had \$21,260,004 in cash disbursements related to governmental activities; \$3,669,666 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes and grants and entitlements) of \$18,801,698 were adequate to provide for these programs.
- The District's major funds are the general fund and the bond retirement fund. The general fund, the District's largest major fund, had cash receipts and other financing sources of \$17,529,482 in fiscal year 2016. The cash disbursements and other financing uses of the general fund totaled \$16,470,154 in fiscal year 2016. The general fund cash balance increased \$1,059,328 during fiscal year 2016.
- The bond retirement fund, a District major fund, had cash receipts of \$2,715,030 in fiscal year 2016. The bond retirement fund had cash disbursements of \$2,619,964 in fiscal year 2016. The bond retirement fund cash balance increased \$95,066 during fiscal year 2016.

**Using the Modified Cash Basis Basic Financial Statements (BFS)**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's modified cash basis of accounting.

The statement of net position – modified cash basis and statement of activities – modified cash basis provides information about the activities of the whole District, presenting an aggregate view of the District's modified cash basis 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, there are two major governmental funds. The general fund is the largest major fund.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)  
(Continued)**

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

The statement of net position – modified cash basis and the statement of activities – modified cash basis answers the question, “How did the District do financially during fiscal year 2016?” These statements include only net position using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year’s receipts and disbursements if the cash is actually received or paid.

These two statements report the District’s net cash position and changes in net cash position on a modified cash basis. This change in net cash position is important because it tells the reader that, for the District as a whole, the modified cash basis financial position of the 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 District’s property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

In the statement of activities – modified cash basis, the governmental activities include the District’s programs and services including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The statement of net position – modified cash basis and the statement of activities – modified cash basis can be found on pages 13-14 of this report.

**Reporting the District’s Most Significant Funds**

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The District has no proprietary funds.

Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’s most significant funds. The District’s major governmental funds are the general fund and the bond retirement fund. The analysis of the District’s major governmental funds begins on page 12.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)  
(Continued)**

***Governmental Funds***

All of the 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 the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer modified cash basis financial resources that can be readily spent to finance various District programs.

Since the District is reporting on the modified cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 15-16 of this report.

The District's budgetary process accounts for certain transactions on a modified cash basis. The budgetary statement for the general fund is presented to demonstrate the District's compliance with annually adopted budgets. The budgetary statement can be found on page 17 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary funds are a private-purpose trust fund and an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position – modified cash basis and changes in fiduciary net position – modified cash basis on pages 18-19. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25- of this report.

***Government-Wide Financial Analysis***

Recall that the statement of net position – modified cash basis provides the perspective of the District as a whole.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)  
(Continued)**

The table below provides a summary of the District's net cash position at June 30, 2016 and June 30, 2015.

|   | <b>Net Cash Position</b>                  |   |
|---|---|---|
|   | Governmental<br>Activities<br><u>2016</u> | Governmental<br>Activities<br><u>2015</u> |
| <u>Assets</u>   |   |   |
| Equity in pooled cash, cash equivalents,<br>and investments | \$ 11,963,839                             | \$ 10,752,479                             |
| Total assets  | <u>11,963,839</u>                         | <u>10,752,479</u>                         |
| <u>Net cash position</u>                                    |   |   |
| Restricted  | 2,700,193                                 | 2,568,448                                 |
| Unrestricted  | <u>9,263,646</u>                          | <u>8,184,031</u>                          |
| Total net cash position                                     | <u>\$ 11,963,839</u>                      | <u>\$ 10,752,479</u>                      |

The total net cash position of the District increased \$1,211,360, which represents a 11.27% increase from fiscal year 2015.

The balance of government-wide unrestricted net cash position of \$9,263,646 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash position for fiscal years 2016 and 2015.

|                                    | <b>Change in Net Cash Position</b>        |   |
|------------------------------------|---|---|
|                                    | Governmental<br>Activities<br><u>2016</u> | Governmental<br>Activities<br><u>2015</u> |
| <b>Cash receipts:</b>              |   |   |
| Program cash receipts:             |   |   |
| Charges for services and sales     | \$ 1,652,914                              | \$ 1,589,694                              |
| Operating grants and contributions | <u>2,016,752</u>                          | <u>1,849,994</u>                          |
| Total program cash receipts        | <u>3,669,666</u>                          | <u>3,439,688</u>                          |
| General cash receipts:             |   |   |
| Property and other taxes           | 12,472,567                                | 12,022,896                                |
| Payments in lieu of taxes          | -   | 31,578                                    |
| Unrestricted grants                | 6,195,342                                 | 6,254,932                                 |
| Investment earnings                | 23,013                                    | 6,430                                     |
| Miscellaneous                      | 110,776                                   | 38,010                                    |
| Sale of refunding bonds            | -   | 5,785,000                                 |
| Premium on sale of refunding bonds | <u>-</u>                                  | <u>260,845</u>                            |
| Total general cash receipts        | <u>18,801,698</u>                         | <u>24,399,691</u>                         |
| Total cash receipts                | <u>\$ 22,471,364</u>                      | <u>\$ 27,839,379</u>                      |

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)  
(Continued)**

**Change in Net Cash Position (Continued)**

|   | Governmental<br>Activities<br><u>2016</u> | Governmental<br>Activities<br><u>2015</u> |
|---|---|---|
| <b>Cash disbursements:</b>              |   |   |
| Current:                                |   |   |
| Instruction:                            |   |   |
| Regular                                 | \$ 7,705,374                              | \$ 7,617,591                              |
| Special                                 | 1,849,259                                 | 1,611,296                                 |
| Vocational                              | 110,287                                   | 177,076                                   |
| Other                                   | 1,313,880                                 | 1,397,613                                 |
| Support services:                       |   |   |
| Pupil                                   | 1,219,604                                 | 1,132,696                                 |
| Instructional staff                     | 586,158                                   | 486,159                                   |
| Board of education                      | 28,203                                    | 28,365                                    |
| Administration                          | 1,255,922                                 | 1,222,555                                 |
| Fiscal                                  | 650,933                                   | 582,811                                   |
| Operations and maintenance              | 1,307,110                                 | 1,242,239                                 |
| Pupil transportation                    | 1,205,608                                 | 1,127,528                                 |
| Central                                 | 66,437                                    | 58,719                                    |
| Other non-instructional services        | 5,549                                     | 2,057                                     |
| Food service operations                 | 883,109                                   | 848,159                                   |
| Extracurricular activities              | 453,604                                   | 427,089                                   |
| Facilities acquisition and construction | 58,094                                    | -   |
| Debt service:                           |   |   |
| Principal retirement                    | 841,634                                   | 780,358                                   |
| Interest and fiscal charges             | 1,719,239                                 | 1,686,060                                 |
| Bond issuance costs                     | -   | 107,350                                   |
| Payment to refunded bond escrow         | -   | 5,938,495                                 |
| Total cash disbursements                | <u>21,260,004</u>                         | <u>26,474,216</u>                         |
| Change in net cash position             | 1,211,360                                 | 1,365,163                                 |
| Net cash position at beginning of year  | <u>10,752,479</u>                         | <u>9,387,316</u>                          |
| Net cash position at end of year        | <u>\$ 11,963,839</u>                      | <u>\$ 10,752,479</u>                      |

**Governmental Activities**

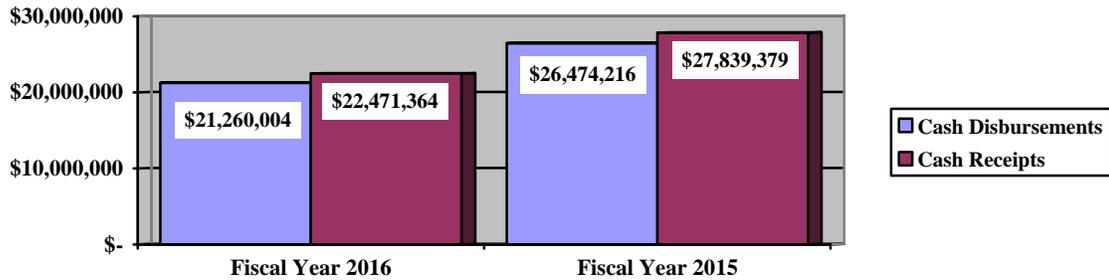
Governmental net cash position increased \$1,211,360 in fiscal year 2016. Total governmental cash disbursements of \$21,260,004 were offset by program cash receipts of \$3,669,666 and general cash receipts of \$18,801,698. Program cash receipts supported 17.26% of the total governmental cash disbursements.

The primary sources of receipts for governmental activities are derived from property taxes and unrestricted grants and entitlements. These receipt sources represent 83.07% of total governmental cash receipts. Real estate property is reappraised every six years.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)  
(Continued)**

**Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements**



**Governmental Activities**

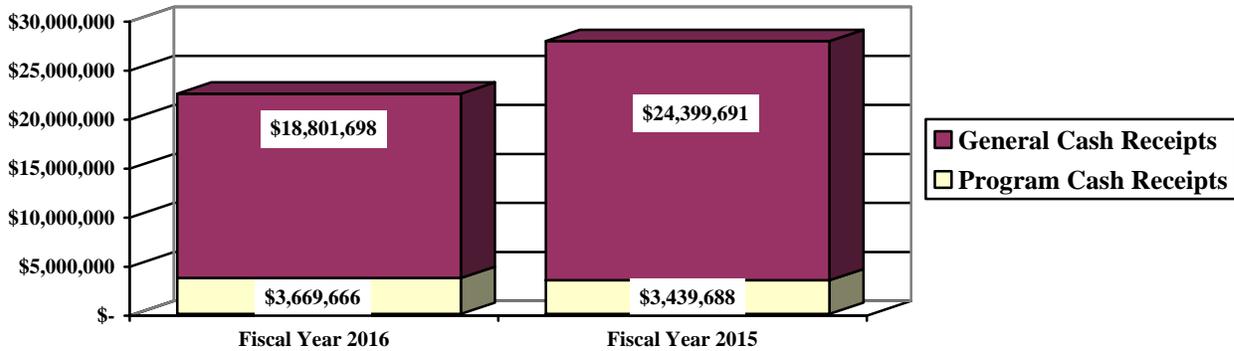
|   | Total Cost of<br>Services<br>2016 | Net Cost of<br>Services<br>2016 | Total Cost of<br>Services<br>2015 | Net Cost of<br>Services<br>2015 |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| <b>Cash disbursements:</b>              |                                   |                                 |                                   |                                 |
| Current:                                |                                   |                                 |                                   |                                 |
| Instruction:                            |                                   |                                 |                                   |                                 |
| Regular                                 | \$ 7,705,374                      | \$ 6,153,556                    | \$ 7,617,591                      | \$ 6,182,125                    |
| Special                                 | 1,849,259                         | 1,237,518                       | 1,611,296                         | 997,163                         |
| Vocational                              | 110,287                           | 101,377                         | 177,076                           | 149,843                         |
| Other                                   | 1,313,880                         | 1,304,928                       | 1,397,613                         | 1,390,796                       |
| Support services:                       |                                   |                                 |                                   |                                 |
| Pupil                                   | 1,219,604                         | 986,859                         | 1,132,696                         | 951,819                         |
| Instructional staff                     | 586,158                           | 547,404                         | 486,159                           | 438,528                         |
| Board of education                      | 28,203                            | 28,203                          | 28,365                            | 28,365                          |
| Administration                          | 1,255,922                         | 1,153,914                       | 1,222,555                         | 1,136,681                       |
| Fiscal                                  | 650,933                           | 635,612                         | 582,811                           | 582,811                         |
| Operations and maintenance              | 1,307,110                         | 1,303,238                       | 1,242,239                         | 1,238,580                       |
| Pupil transportation                    | 1,205,608                         | 1,181,100                       | 1,127,528                         | 1,101,524                       |
| Central                                 | 66,437                            | 66,437                          | 58,719                            | 58,719                          |
| Other non-instructional services        | 5,549                             | 5,549                           | 2,057                             | 2,057                           |
| Food service operations                 | 883,109                           | 21,256                          | 848,159                           | 88,594                          |
| Extracurricular activities              | 453,604                           | 244,420                         | 427,089                           | 174,660                         |
| Facilities acquisition and construction | 58,094                            | 58,094                          | -                                 | -                               |
| Debt service:                           |                                   |                                 |                                   |                                 |
| Principal retirement                    | 841,634                           | 841,634                         | 780,358                           | 780,358                         |
| Interest and fiscal charges             | 1,719,239                         | 1,719,239                       | 1,686,060                         | 1,686,060                       |
| Bond issuance costs                     | -                                 | -                               | 107,350                           | 107,350                         |
| Payment to refunded bond escrow         | -                                 | -                               | 5,938,495                         | 5,938,495                       |
| <b>Total</b>                            | <u>\$ 21,260,004</u>              | <u>\$ 17,590,338</u>            | <u>\$ 26,474,216</u>              | <u>\$ 23,034,528</u>            |

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)  
(Continued)**

The dependence upon general cash receipts for governmental activities is apparent; with 82.74% and 87.01% of cash disbursements supported through taxes and other general cash receipts during fiscal years 2016 and 2015, respectively.

**Governmental Activities - General and Program Cash Receipts**



**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The District's governmental funds are accounted for using the modified cash basis of accounting.

The District's governmental funds reported a combined fund cash balance of \$11,963,839, which is \$1,211,360 greater than last year's total of \$10,752,479. The table below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2016 and June 30, 2015, for all major and nonmajor governmental funds.

|                             | Fund Cash Balance<br><u>June 30, 2016</u> | Fund Cash Balance<br><u>June 30, 2015</u> | <u>Increase</u>     |
|-----------------------------|---|---|---------------------|
| <b>Major funds:</b>         |   |   |                     |
| General                     | \$ 8,348,146                              | \$ 7,288,818                              | \$ 1,059,328        |
| Bond retirement             | 1,490,418                                 | 1,395,352                                 | 95,066              |
| Nonmajor governmental funds | <u>2,125,275</u>                          | <u>2,068,309</u>                          | <u>56,966</u>       |
| Total                       | <u>\$ 11,963,839</u>                      | <u>\$ 10,752,479</u>                      | <u>\$ 1,211,360</u> |

**General Fund**

The general fund, the District's largest major fund, had cash receipts and other financing sources of \$17,529,482 in fiscal year 2016. The cash disbursements and other financing uses of the general fund totaled \$16,470,154 in fiscal year 2016. The general fund cash balance increased \$1,059,328 during fiscal year 2016.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)  
(Continued)**

The table that follows assists in illustrating the cash receipts of the general fund during fiscal years 2016 and 2015.

|                              | <u>2016</u><br><u>Amount</u> | <u>2015</u><br><u>Amount</u> | <u>Percentage</u><br><u>Change</u> |
|------------------------------|------------------------------|------------------------------|------------------------------------|
| <b><u>Cash receipts:</u></b> |                              |                              |                                    |
| Taxes                        | \$ 10,123,260                | \$ 9,642,756                 | 4.98 %                             |
| Tuition                      | 1,012,443                    | 979,598                      | 3.35 %                             |
| Earnings on investments      | 19,515                       | 5,689                        | 243.03 %                           |
| Extracurricular              | 5,800                        | 60,440                       | (90.40) %                          |
| Classroom materials and fees | 45,723                       | 41,064                       | 11.35 %                            |
| Other revenues               | 87,217                       | 49,152                       | 77.44 %                            |
| Intergovernmental - state    | <u>6,166,224</u>             | <u>6,288,249</u>             | (1.94) %                           |
| Total                        | <u>\$ 17,460,182</u>         | <u>\$ 17,066,948</u>         | 2.30 %                             |

Overall cash receipts increased \$393,234 or 2.30% during fiscal year 2016. Earnings on investments increased \$13,826 or 243.03% primarily due the District opening up new investment accounts in fiscal year 2016. Extracurricular revenues decreased \$54,640 or 90.40% due to the District's pay to participate fees for the District's athletic programs being shown in the District managed student activity fund in fiscal year 2016. Classroom materials and fees increased \$4,659 or 11.35% due to an increased in uniform school supplies receipts. Other revenues increased \$38,065 or 77.44% due to an increase in contract service receipts in fiscal year 2016. All other cash receipt classifications remained comparable to fiscal year 2015.

The table that follows assists in illustrating the cash disbursements of the general fund during fiscal years 2016 and 2015.

|   | <u>2016</u><br><u>Amount</u> | <u>2015</u><br><u>Amount</u> | <u>Percentage</u><br><u>Change</u> |
|---|------------------------------|------------------------------|------------------------------------|
| <b><u>Cash disbursements:</u></b>       |                              |                              |                                    |
| Instruction                             | \$ 10,227,610                | \$ 10,100,186                | 1.26 %                             |
| Support services                        | 5,744,738                    | 5,479,966                    | 4.83 %                             |
| Operation of non-instructional services | 3,633                        | 2,057                        | 76.62 %                            |
| Extracurricular activities              | 256,079                      | 228,470                      | 12.08 %                            |
| Facilities acquisition and construction | <u>58,094</u>                | <u>-</u>                     | 100.00 %                           |
| Total                                   | <u>\$ 16,290,154</u>         | <u>\$ 15,810,679</u>         | 3.03 %                             |

Overall cash disbursements increased \$479,475 or 3.03% during fiscal year 2016. Although the percentage increase of the operation of non-instructional services cash disbursements was significant, the actual dollar amount was not. Extracurricular activities increased \$27,609 or 12.08% due to an increase in miscellaneous extracurricular disbursements in fiscal year 2016. Facilities acquisition and construction increased \$58,094 or 100.00% due to general fund capital and maintenance building improvement projects in fiscal year 2016. All other cash disbursement classifications remained comparable to fiscal year 2015.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)  
(Continued)**

***Bond Retirement Fund***

The bond retirement fund, a District major fund, had cash receipts of \$2,715,030 in fiscal year 2016. The bond retirement fund had cash disbursements of \$2,619,964 in fiscal year 2016. The bond retirement fund cash balance increased \$95,066 during fiscal year 2016. The consistent fund cash balance of the bond retirement fund is mainly attributable to the stable nature of the property tax cash receipts received by the District.

***Budgeting Highlights - General Fund***

The 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.

For the general fund, final budgetary basis receipts and other financing sources of \$17,695,138 were \$377,370 greater than original budget estimates of \$17,317,768. The actual budgetary basis receipts and other financing sources of \$17,701,456 were greater than final budget estimates by \$6,318. The final budgetary basis disbursements and other financing uses of \$17,139,087 were \$29,580 greater than original budget estimates of \$17,109,507. The actual budgetary basis disbursements and other financing uses of \$16,671,616 were \$467,471 less than the final budget estimates.

**Capital Assets and Debt Administration**

***Capital Assets***

The District does not record capital assets in the accompanying modified cash basis basic financial statements, but records payments for capital assets as cash disbursements. The District had facilities acquisition and construction cash disbursements of \$58,094 during fiscal year 2016.

***Debt Administration***

The District had the following long-term obligations outstanding at June 30, 2016 and June 30, 2015.

|   | Governmental<br>Activities<br><u>2016</u> | Governmental<br>Activities<br><u>2015</u> |
|---|---|---|
| 2015 General Obligation Refunding Bonds | \$ 5,715,000                              | \$ 5,785,000                              |
| 2008 Construction and Improvement Bonds | 2,475,000                                 | 2,580,000                                 |
| 2008 Capital Appreciation Bonds         | 44,999                                    | 44,999                                    |
| 2007 Advance Refunding Bonds            | 13,375,000                                | 13,825,000                                |
| 2007 Capital Appreciation Bonds         | 621,887                                   | 621,887                                   |
| 2005 Capital Appreciation Bonds         | -   | 197,144                                   |
| 1998 Capital Appreciation Bonds         | <u>16,873</u>                             | <u>36,363</u>                             |
| <br>Total long-term obligations         | <br><u>\$ 22,248,759</u>                  | <br><u>\$ 23,090,393</u>                  |

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)  
(Continued)**

**Current Financial Related Activities**

The current financial challenge for school districts is to provide a quality education with limited or unsteady resources. The State of Ohio's educational funding laws, the economy, as well as rising operating costs, are the main factors that impact the District's financial stability. While the District's current financial outlook is healthy at the present time and has improved; the Board of Education and the District's administrative team understand that the District's finances must be continually monitored. Achieving financial sustainability is a continual process and the goal should always be to provide the best possible education for the students of Indian Lake. That effort must continue to be managed and directed because there will always be challenges and obstacles to overcome.

As the preceding information reflects, the District relies heavily upon property taxes and intergovernmental unrestricted state aid. Taxes and unrestricted state aid cash receipts account for approximately 93% of the general fund cash receipts in fiscal year 2016, with property taxes providing the largest portion. The residential and agricultural values of the district have been stable and projections continue that slight stable increase. The property value overall took a big jump in tax year 2013 due to reappraisal as well as an industrial value being miss-calculated and corrected in the following year's value. The general fund real estate property taxes increased from fiscal year 2015 by 4.98% due to the district's emergency levy being renewed with an increase.

The residents renewed the current emergency operating levy in November of 2014 and added an increase of \$821,000. The passage of that levy marked the fourth time the levy has been renewed since 1999 and two of those times were with an increase to account for the cost of inflation and the reduction of receiving tangible personal property taxes or its reimbursement.

The District's administrative team and Board of Education continually look at ways of reducing and or maintaining expenses while still providing quality educational services. Fiscal year 2016 was the first year in which employees received a percentage pay increase since fiscal year 2012. The Board of Education, administration, and staff have been proactive and worked together to lower personnel costs by reducing staff through attrition and taking 0% wage increases for fiscal years 2012 through 2015. Concessions in personnel benefits have also been agreed upon since fiscal year 2011 and they continue to be evaluated. The staff, administration, and the Board of Education have a good working relationship with the main focus being the students of the district and their educational needs.

The local residents have taken pride in the District and have supported two bond issues since 1995 to update District facilities in conjunction with the Ohio Schools Facilities Expedited Local Partnership Program. The District now has all facilities on one campus with a new elementary building completed in August of 2009 that houses grades K-4, a middle school building completed in December of 2004 that houses grades 5-8, and an updated (2004) high school building that houses grades 9-12. These new and upgraded facilities have increased community pride while providing a more modern and enhanced learning environment for the students. The Board of Education continues to work with the Ohio Facilities Construction Commission to secure state funding assistance as the Board plans to complete the master facility plan for the District. The Board has approved a 30 year lease agreement with Clearwire to secure an annual amount of approximately \$95,000. It is the intent of the Board and the Administrative team to use those funds to maintain the facilities and capital assets of the District.

In conclusion, the Board of Education, the District's administration, staff, and the community are committed to providing a quality education for all the students of Indian Lake Local while balancing, planning, and controlling the resources available and costs for educational programs.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)  
(Continued)**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Coleen Repogle, Treasurer, Indian Lake Local School District, 6210 St. Rt. 235 North, Lewistown, OH 43333.

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**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
JUNE 30, 2016**

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
|   |                                    |
| <b>Assets:</b>  |                                    |
| Equity in pooled cash, cash equivalents, and investments. . . . . | \$11,963,839                       |
| Total assets. . . . .   | 11,963,839                         |
| <br><b>Net cash position:</b>                                     |                                    |
| Restricted for:   |                                    |
| Capital projects . . . . .  | 1,038,349                          |
| Debt service. . . . .   | 1,490,418                          |
| Locally funded programs . . . . .                                 | 73,900                             |
| Federally funded programs . . . . .                               | 24,185                             |
| Student activities . . . . .                                      | 71,261                             |
| Other purposes . . . . .  | 2,080                              |
| Unrestricted. . . . .   | 9,263,646                          |
| Total net cash position . . . . .                                 | \$11,963,839                       |

*See accompanying notes to the basic financial statements*

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|   | Cash<br>Disbursements | Program Cash Receipts             |                                       | Net (Disbursements)   |
|---|-----------------------|-----------------------------------|---------------------------------------|---|
|   |                       | Charges for<br>Services and Sales | Operating Grants<br>and Contributions | Receipts and<br>Changes in<br>Net Cash Position<br>Governmental<br>Activities |
| <b>Governmental activities:</b>                         |                       |                                   |                                       |   |
| Instruction:  |                       |                                   |                                       |   |
| Regular . . . . .                                       | \$7,705,374           | \$1,060,258                       | \$491,560                             | (\$6,153,556)   |
| Special . . . . .                                       | 1,849,259             | 38,686                            | 573,055                               | (1,237,518)   |
| Vocational . . . . .                                    | 110,287               |                                   | 8,910                                 | (101,377)   |
| Other . . . . .   | 1,313,880             |                                   | 8,952                                 | (1,304,928)   |
| Support services:                                       |                       |                                   |                                       |   |
| Pupil. . . . .  | 1,219,604             |                                   | 232,745                               | (986,859)   |
| Instructional staff . . . . .                           | 586,158               | 2,731                             | 36,023                                | (547,404)   |
| Board of education . . . . .                            | 28,203                |                                   |                                       | (28,203)  |
| Administration. . . . .                                 | 1,255,922             | 1,531                             | 100,477                               | (1,153,914)   |
| Fiscal. . . . .   | 650,933               |                                   | 15,321                                | (635,612)   |
| Operations and maintenance . . . . .                    | 1,307,110             | 3,872                             |                                       | (1,303,238)   |
| Pupil transportation. . . . .                           | 1,205,608             |                                   | 24,508                                | (1,181,100)   |
| Central . . . . .                                       | 66,437                |                                   |                                       | (66,437)  |
| Operation of non-instructional<br>services:             |                       |                                   |                                       |   |
| Other non-instructional services . . . . .              | 5,549                 |                                   |                                       | (5,549)   |
| Food service operations . . . . .                       | 883,109               | 336,652                           | 525,201                               | (21,256)  |
| Extracurricular activities. . . . .                     | 453,604               | 209,184                           | -                                     | (244,420)   |
| Facilities acquisition and construction. . . . .        | 58,094                |                                   |                                       | (58,094)  |
| Debt Service:   |                       |                                   |                                       |   |
| Principal retirement . . . . .                          | 841,634               |                                   |                                       | (841,634)   |
| Interest and fiscal charges . . . . .                   | 1,719,239             |                                   |                                       | (1,719,239)   |
| <b>Total governmental activities . . . . .</b>          | <b>21,260,004</b>     | <b>1,652,914</b>                  | <b>2,016,752</b>                      | <b>(17,590,338)</b>   |
| <b>General cash receipts:</b>                           |                       |                                   |                                       |   |
| Property taxes levied for:                              |                       |                                   |                                       |   |
|   |                       |                                   |                                       | 10,123,260  |
|   |                       |                                   |                                       | 2,349,307   |
|   |                       |                                   |                                       | 6,195,342   |
|   |                       |                                   |                                       | 23,013  |
|   |                       |                                   |                                       | 110,776   |
| <b>Total general cash receipts . . . . .</b>            |                       |                                   |                                       | <b>18,801,698</b>   |
| Change in net cash position . . . . .                   |                       |                                   |                                       | 1,211,360   |
| <b>Net cash position at beginning of year . . . . .</b> |                       |                                   |                                       | <b>10,752,479</b>   |
| <b>Net cash position at end of year. . . . .</b>        |                       |                                   |                                       | <b>\$11,963,839</b>   |

See accompanying notes to the basic financial statements

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO

STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

|  | General            | Bond<br>Retirement | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------------|--------------------|-----------------------------------|--------------------------------|
| <b>Assets:</b>   |                    |                    |                                   |                                |
| Equity in pooled cash, cash equivalents, and investments | \$8,348,146        | \$1,490,418        | \$2,125,275                       | \$11,963,839                   |
| Total assets   | <u>8,348,146</u>   | <u>1,490,418</u>   | <u>2,125,275</u>                  | <u>11,963,839</u>              |
| <b>Fund cash balances:</b>                               |                    |                    |                                   |                                |
| Restricted:  |                    |                    |                                   |                                |
| Debt service   |                    | 1,490,418          | -                                 | 1,490,418                      |
| Capital improvements                                     |                    |                    | 1,038,349                         | 1,038,349                      |
| Food service operations                                  |                    |                    | 2,080                             | 2,080                          |
| Special education  |                    |                    | 5,028                             | 5,028                          |
| Targeted academic assistance                             |                    |                    | 15,764                            | 15,764                         |
| Extracurricular activities                               |                    |                    | 71,261                            | 71,261                         |
| Other purposes   |                    |                    | 77,293                            | 77,293                         |
| Committed:   |                    |                    |                                   |                                |
| Capital improvements                                     | 11,706             |                    | 564                               | 12,270                         |
| Termination benefits                                     | 402,625            |                    |                                   | 402,625                        |
| Performance based compensation                           | 61,280             |                    |                                   | 61,280                         |
| Construction project stipends                            | 67,552             |                    |                                   | 67,552                         |
| Assigned:  |                    |                    |                                   |                                |
| Student instruction                                      | 36,626             |                    |                                   | 36,626                         |
| Student and staff support                                | 85,299             |                    |                                   | 85,299                         |
| Extracurricular activities                               | 300                |                    |                                   | 300                            |
| Elementary school books                                  | 3,095              |                    |                                   | 3,095                          |
| School supplies  | 1,944              |                    |                                   | 1,944                          |
| Capital improvements                                     | -                  |                    | 914,936                           | 914,936                        |
| Unassigned   | 7,677,719          |                    |                                   | 7,677,719                      |
| Total fund cash balances                                 | <u>\$8,348,146</u> | <u>\$1,490,418</u> | <u>\$2,125,275</u>                | <u>\$11,963,839</u>            |

See accompanying notes to the basic financial statements

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR END JUNE 30, 2016**

|  | General                   | Bond<br>Retirement        | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------------|---------------------------|-----------------------------------|--------------------------------|
| <b>Cash receipts:</b>  |                           |                           |                                   |                                |
| From local sources:  |                           |                           |                                   |                                |
| Property taxes . . . . .   | \$10,123,260              | \$2,349,307               |                                   | \$12,472,567                   |
| Tuition. . . . .   | 1,012,443                 |                           |                                   | 1,012,443                      |
| Earnings on investments . . . . .  | 19,515                    |                           | \$3,498                           | 23,013                         |
| Charges for services . . . . .   | -                         |                           | 335,806                           | 335,806                        |
| Extracurricular. . . . .   | 5,800                     |                           | 206,555                           | 212,355                        |
| Classroom materials and fees . . . . .   | 45,723                    |                           |                                   | 45,723                         |
| Rental income . . . . .  | 701                       |                           |                                   | 701                            |
| Contributions and donations . . . . .  | 30                        |                           | 17,732                            | 17,762                         |
| Contract services. . . . .   | 45,040                    |                           | 846                               | 45,886                         |
| Other local revenues . . . . .   | 41,446                    |                           | 331                               | 41,777                         |
| Intergovernmental - state . . . . .  | 6,166,224                 | 365,723                   | 27,766                            | 6,559,713                      |
| Intergovernmental - federal . . . . .  | -                         |                           | 1,634,318                         | 1,634,318                      |
| Total cash receipts . . . . .  | <u>17,460,182</u>         | <u>2,715,030</u>          | <u>2,226,852</u>                  | <u>22,402,064</u>              |
| <b>Cash disbursements:</b>   |                           |                           |                                   |                                |
| Current:   |                           |                           |                                   |                                |
| Instruction:   |                           |                           |                                   |                                |
| Regular. . . . .   | 7,232,072                 |                           | 473,302                           | 7,705,374                      |
| Special . . . . .  | 1,580,431                 |                           | 268,828                           | 1,849,259                      |
| Vocational . . . . .   | 110,287                   |                           |                                   | 110,287                        |
| Other . . . . .  | 1,304,820                 |                           | 9,060                             | 1,313,880                      |
| Support services:  |                           |                           |                                   |                                |
| Pupil . . . . .  | 990,493                   |                           | 229,111                           | 1,219,604                      |
| Instructional staff . . . . .  | 550,758                   |                           | 35,400                            | 586,158                        |
| Board of education . . . . .   | 28,203                    |                           |                                   | 28,203                         |
| Administration . . . . .   | 1,154,739                 |                           | 101,183                           | 1,255,922                      |
| Fiscal . . . . .   | 576,842                   | 59,091                    | 15,000                            | 650,933                        |
| Operations and maintenance . . . . .   | 1,174,714                 |                           | 132,396                           | 1,307,110                      |
| Pupil transportation . . . . .   | 1,202,552                 |                           | 3,056                             | 1,205,608                      |
| Central . . . . .  | 66,437                    |                           |                                   | 66,437                         |
| Operation of non-instructional services:   |                           |                           |                                   |                                |
| Other operation of non-instructional. . . . .                                    | 3,633                     |                           | 1,916                             | 5,549                          |
| Food service operations. . . . .   | -                         |                           | 883,109                           | 883,109                        |
| Extracurricular activities . . . . .   | 256,079                   |                           | 197,525                           | 453,604                        |
| Facilities acquisition and construction. . . . .                                 | 58,094                    |                           |                                   | 58,094                         |
| Debt service:  |                           |                           |                                   |                                |
| Principal retirement. . . . .  | -                         | 841,634                   |                                   | 841,634                        |
| Interest and fiscal charges . . . . .  | -                         | 1,719,239                 |                                   | 1,719,239                      |
| Total cash disbursements . . . . .   | <u>16,290,154</u>         | <u>2,619,964</u>          | <u>2,349,886</u>                  | <u>21,260,004</u>              |
| Excess (deficiency) of cash receipts<br>over (under) cash disbursements. . . . . | <u>1,170,028</u>          | <u>95,066</u>             | <u>(123,034)</u>                  | <u>1,142,060</u>               |
| <b>Other financing sources (uses):</b>   |                           |                           |                                   |                                |
| Sale of assets . . . . .   | 69,300                    |                           |                                   | 69,300                         |
| Transfers in. . . . .  |                           |                           | 170,000                           | 170,000                        |
| Transfers (out) . . . . .  | (170,000)                 |                           |                                   | (170,000)                      |
| Advances in . . . . .  |                           |                           | 10,000                            | 10,000                         |
| Advances (out) . . . . .   | (10,000)                  |                           |                                   | (10,000)                       |
| Total other financing sources (uses) . . . . .                                   | <u>(110,700)</u>          | <u>-</u>                  | <u>180,000</u>                    | <u>69,300</u>                  |
| Net change in fund cash balances . . . . .                                       | 1,059,328                 | 95,066                    | 56,966                            | 1,211,360                      |
| <b>Fund cash balances at beginning of year. . . . .</b>                          | <u>7,288,818</u>          | <u>1,395,352</u>          | <u>2,068,309</u>                  | <u>10,752,479</u>              |
| <b>Fund cash balances at end of year. . . . .</b>                                | <u><u>\$8,348,146</u></u> | <u><u>\$1,490,418</u></u> | <u><u>\$2,125,275</u></u>         | <u><u>\$11,963,839</u></u>     |

See accompanying notes to the basic financial statements

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR END JUNE 30, 2016**

|   | <u>Budgeted Amounts</u>   |                           | <u>Actual</u>             | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|---------------------------|---------------------------|---------------------------|---|
|   | <u>Original</u>           | <u>Final</u>              |                           | <u>(Negative)</u>   |
| <b>Budgetary basis receipts:</b>  |                           |                           |                           |   |
| From local sources:   |                           |                           |                           |   |
| Property taxes . . . . .  | \$9,854,248               | \$10,122,612              | \$10,123,260              | \$648   |
| Tuition. . . . .  | 970,431                   | 981,000                   | 1,010,251                 | 29,251  |
| Earnings on investments . . . . .   | 6,509                     | 19,500                    | 20,987                    | 1,487   |
| Extracurricular. . . . .  |                           | 6,000                     | 5,800                     | (200)   |
| Classroom materials and fees . . . . .  | 12,004                    | 9,380                     | 9,319                     | (61)  |
| Rental income . . . . .   | 1,000                     | 700                       | 701                       | 1   |
| Contributions and donations . . . . .   |                           | 30                        | 30                        |   |
| Contract services. . . . .  | 10,019                    | 39,000                    | 45,040                    | 6,040   |
| Other local revenues . . . . .  | 11,167                    | 31,900                    | 35,971                    | 4,071   |
| Intergovernmental - state . . . . .   | 6,322,820                 | 6,201,386                 | 6,166,224                 | (35,162)  |
| Total budgetary basis receipts . . . . .  | <u>17,188,198</u>         | <u>17,411,508</u>         | <u>17,417,583</u>         | <u>6,075</u>  |
| <b>Budgetary basis disbursements:</b>   |                           |                           |                           |   |
| Current:  |                           |                           |                           |   |
| Instruction:  |                           |                           |                           |   |
| Regular . . . . .   | 9,149,309                 | 7,275,139                 | 7,140,755                 | 134,384   |
| Special. . . . .  | 1,270,837                 | 1,629,816                 | 1,608,099                 | 21,717  |
| Vocational. . . . .   | 84,148                    | 111,808                   | 110,287                   | 1,521   |
| Other. . . . .  | 1,336,740                 | 1,328,541                 | 1,305,120                 | 23,421  |
| Support services:   |                           |                           |                           |   |
| Pupil. . . . .  | 867,035                   | 1,012,202                 | 991,630                   | 20,572  |
| Instructional staff . . . . .   | 549,496                   | 617,688                   | 547,611                   | 70,077  |
| Board of education . . . . .  | 31,894                    | 33,250                    | 28,423                    | 4,827   |
| Administration. . . . .   | 866,376                   | 1,185,426                 | 1,157,780                 | 27,646  |
| Fiscal . . . . .  | 494,864                   | 584,234                   | 577,849                   | 6,385   |
| Operations and maintenance. . . . .   | 979,336                   | 1,281,352                 | 1,203,528                 | 77,824  |
| Pupil transportation . . . . .  | 975,491                   | 1,253,310                 | 1,215,792                 | 37,518  |
| Central. . . . .  | 73,942                    | 76,788                    | 66,544                    | 10,244  |
| Other operation of non-instructional services . . . . .                           | 431                       | 3,862                     | 3,633                     | 229   |
| Extracurricular activities. . . . .   | 229,114                   | 267,091                   | 257,691                   | 9,400   |
| Facilities acquisition and construction . . . . .                                 | 494                       | 69,300                    | 57,594                    | 11,706  |
| Total budgetary basis disbursements . . . . .                                     | <u>16,909,507</u>         | <u>16,729,807</u>         | <u>16,272,336</u>         | <u>457,471</u>  |
| Excess of budgetary basis receipts<br>over budgetary basis disbursements. . . . . | <u>278,691</u>            | <u>681,701</u>            | <u>1,145,247</u>          | <u>463,546</u>  |
| <b>Other financing sources (uses):</b>  |                           |                           |                           |   |
| Refund of prior year's expenditures . . . . .                                     | 48,540                    | 92,550                    | 92,676                    | 126   |
| Transfers in . . . . .  |                           | 61,280                    | 61,280                    |   |
| Transfers (out). . . . .  | (120,000)                 | (329,280)                 | (329,280)                 |   |
| Advances in. . . . .  | 80,000                    | 60,000                    | 60,000                    |   |
| Advances (out) . . . . .  | (80,000)                  | (80,000)                  | (70,000)                  | 10,000  |
| Sale of capital assets . . . . .  | 1,030                     | 69,800                    | 69,917                    | 117   |
| Total other financing sources (uses) . . . . .                                    | <u>(70,430)</u>           | <u>(125,650)</u>          | <u>(115,407)</u>          | <u>10,243</u>   |
| Net change in fund cash balance . . . . .   | 208,261                   | 556,051                   | 1,029,840                 | 473,789   |
| <b>Fund cash balance at beginning of year . . . . .</b>                           | <b>6,725,974</b>          | <b>6,725,974</b>          | <b>6,725,974</b>          |   |
| <b>Prior year encumbrances appropriated . . . . .</b>                             | <b>54,538</b>             | <b>54,538</b>             | <b>54,538</b>             |   |
| <b>Fund cash balance at end of year . . . . .</b>                                 | <b><u>\$6,988,773</u></b> | <b><u>\$7,336,563</u></b> | <b><u>\$7,810,352</u></b> | <b><u>\$473,789</u></b>   |

See accompanying notes to the basic financial statements

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2016**

|  | Private-Purpose<br>Trust | Agency    |
|--|--------------------------|-----------|
| <b>Assets:</b>                                       |                          |           |
| Equity in pooled cash and cash equivalents . . . . . | \$16,807                 | \$156,625 |
| Investments . . . . .                                | 100,000                  |           |
| Total assets. . . . .                                | 116,807                  | 156,625   |
| <b>Net cash position:</b>                            |                          |           |
| Held for student activities . . . . .                |                          | 156,625   |
| Held in trust for scholarships . . . . .             | 116,807                  |           |
| Total net cash position. . . . .                     | \$116,807                | \$156,625 |

*See accompanying notes to the basic financial statements*

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR END JUNE 30, 2016

|   | Private Purpose<br>Trust |
|---|--------------------------|
| <b>Additions:</b>                                       |                          |
| Interest . . . . .                                      | \$1,451                  |
| Gifts and contributions . . . . .                       | 2,788                    |
| Total additions . . . . .                               | 4,239                    |
| <br><b>Deductions:</b>                                  |                          |
| Scholarships awarded . . . . .                          | 5,238                    |
| Change in net cash position . . . . .                   | (999)                    |
| <b>Net cash position at beginning of year . . . . .</b> | <b>117,806</b>           |
| <b>Net cash position at end of year . . . . .</b>       | <b>\$116,807</b>         |

*See accompanying notes to the basic financial statements*

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**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

Indian Lake Local School District (the District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District was established in 1962 through the consolidation of existing land areas and school districts. The District serves an area of approximately 110 square miles. It is located in Logan County, and includes all of the Village of Russells Point, Village of Lakeview, and Village of Huntsville. The District is staffed by 81 non-certified employees, 105 certified full-time teaching personnel, and 13 administrative employees who provide services to 1,669 students and other community members. The District currently operates one elementary school building, one middle school building, one comprehensive high school building, which includes the administrative offices, and one bus garage.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed in Note 2.B., these basic financial statements (BFS) are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these modified cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Western Ohio Computer Organization (WOCO)

The District is a participant in the Western Ohio Computer Organization (WOCO), which is a Council of Governments. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby, and Miami Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions of member school districts. Each of the governments of these districts supports WOCO based upon a per pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14, the District does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest. WOCO is governed by a Board of Directors consisting of the Superintendents of the member school districts and the degree of control is limited to the representation on the Board of Directors. Financial information can be obtained from Marcia Weirwille, Fiscal Officer/Treasurer at 129 East Court Street, Sidney, Ohio 45365.

Ohio Hi-Point Joint Vocational School District

The Ohio Hi-Point Joint Vocational School District (the Vocational School) is a political subdivision of the State of Ohio, which possesses its own budgeting and taxing authority. The Vocational School is governed by a Board of Education that consists of a representative from each participating school district and its degree of control is limited to its representation on the Board of Education. To obtain financial information write to the Ohio Hi-Point Joint Vocational School District, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

Metropolitan Educational Council

The Metropolitan Educational Council (MEC) is a purchasing cooperative made up of nearly 124 school districts in 22 counties. The purpose of this purchasing cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the MEC. The Governing Board of MEC consists of one voting representative from each member district. To obtain financial information, write to the Metropolitan Educational Council, James Grube, who serves as Executive Director, 2100 Citygate Drive, Columbus, Ohio 43219.

Educational Regional Service System Region 6

The District participates in the Educational Regional Service System (ERSS) Region 6, a jointly governed organization consisting of educational entities within Allen, Auglaize, Champaign, Hardin, Logan, Mercer, and Shelby Counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an Advisory Council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

The Advisory Council is made up of the Director of the ERSS, the Superintendent of each educational service center within the region, the Superintendent of each region's largest and smallest school district, the Director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three Board of Education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Auglaize County Educational Service Center, 1045 Dearbaugh Ave., Suite 2, Wapakoneta, Ohio 45895.

Logan County Education Foundation

The Logan County Education Foundation (the "Foundation") was established to secure and distribute contributions from individuals, corporations, and foundations for the benefit of students within Logan County. The Foundation promotes, sponsors, and encourages the pursuit of excellence in education for students. The Foundation is managed by a Board of Trustees composed of six trustees from each school district. These trustees are nominated by their local school Boards of Education, including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District, and Riverside Local School District. The Executive Board is comprised of the Logan County Educational Service Center Superintendent representing the three local school districts and the Bellefontaine City School District Superintendent representing the city school district. Financial information can be obtained by contacting Keith Thomas, who serves as Financial Advisor, 121 South Opera Street, Bellefontaine, Ohio 43311.

*INSURANCE PURCHASING POOLS*

Workers' Compensation Group Rating Program

The District participates in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Program (GRP). The GRP is sponsored by OASBO and administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

Logan County School Employee Consortium

On January 1, 2014, the Logan County School Employee Consortium formed a regional council of governments (the "COG") for the purpose of providing benefits through a self-funded insurance pool. The COG collects premiums from the Logan County School Employee Consortium participants and pays a third-party administrator to process the claims. Financial information can be obtained by contacting Mr. Robert Kuehnle, Recording Secretary, Logan County School Employee Consortium, 4740 County Road 26, Bellefontaine, Ohio 43311.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

*RELATED ORGANIZATION*

Logan County District Library

The Logan County District Library (the 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 Judge of Common Pleas Court. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District does serve as the 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, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Logan County District Library, Clerk/Treasurer, at 220 North Main Street, Bellefontaine, Ohio 43311.

**B. Basis of Accounting**

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the modified cash basis of accounting. The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and government-wide statements and disbursements reported in the budgetary statements is due to current year encumbrances being added to disbursements reported in the budgetary statements.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraphs.

**C. Fund Accounting**

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The District has no proprietary funds.

*GOVERNMENTAL FUNDS*

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund cash balance is available for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to disbursements for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific receipt sources that are restricted or committed to a disbursement for specified purposes other than debt service or capital projects.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net cash position and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for cash assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's private-purpose trust fund accounts for programs that provide college scholarships for students after graduation. Agency funds are custodial in nature and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**D. Basis of Presentation**

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the modified cash basis or draws from the general receipts of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The District budgets and appropriates its agency funds. The primary level of budgetary control is at the fund, object level for the general fund, and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**1. Tax Budget**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the Logan County Budget Commission for rate determination.

**2. Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Logan County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund.

Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final amended certificates issued during fiscal year 2016.

**3. Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, object level of expenditures for the general fund, and at the fund level for all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriations measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation total of any level of control. Any revisions that alter the total object appropriations within a fund (for general fund), or the total of any fund appropriations (for all other funds), must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statement of budgetary comparisons represent the original and final appropriation amounts, including all supplemental appropriations.

**4. Encumbrances**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations.

**5. Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2016, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), US government money market, negotiable certificates of deposit (CDs), and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2016. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2016.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the general fund during fiscal year 2016 amounted to \$19,515, which includes \$3,581 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool with original maturities of one year or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than one year or not part of the pool are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

**G. Capital Assets**

Acquisition of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements under the modified cash basis of accounting. Depreciation has not been reported for any capital assets.

**H. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the modified cash basis of accounting.

**I. Long-Term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the modified cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal and interest payments.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postemployment healthcare.

**K. Fund Cash Balance**

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

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

*Restricted* - Fund cash balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

*Assigned* - Amounts in the assigned fund cash balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**L. Inventory and Prepaid Items**

The District reports cash disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**M. Interfund Balances**

On fund financial statements, the District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying fund financial statements under the modified cash basis of accounting. Advances are eliminated in the statement of activities.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

**N. Net Cash Position**

Net cash position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net cash position is available. The District did not have any net cash position restricted by enabling legislation at June 30, 2016. Net cash position restricted for other purposes represents resources intended for use in the District's food service operations.

**O. Restricted Cash Assets**

Cash assets are reported as restricted when limitations on their use change the normal understanding of the availability of the cash assets. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District did not have any restricted cash assets at June 30, 2016.

**P. Interfund Activity**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 disbursements to the funds that initially paid for them are not presented on the basic 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 year 2016.

**R. Pensions**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2016, the District has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

**B. Compliance**

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies 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 and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, or legal governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
9. Under limited circumstances, corporate debt interests rated in either of the two highest 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 District, and must be purchased with the expectation that it will be held to maturity.

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

**A. Cash on Hand**

At fiscal year end, the District had \$225 in undeposited cash on hand, which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2016, the carrying amount of all District deposits was \$8,790,379. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, \$8,441,929 of the District's bank balance of \$8,941,929 was exposed to custodial risk as discussed below, while \$500,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of June 30, 2016, the District had the following investments and maturities:

| Investment type       | Balance at<br>Carrying Value | Investment Maturities |                    |                    |                           |
|-----------------------|------------------------------|-----------------------|--------------------|--------------------|---------------------------|
|                       |                              | 6 months or<br>less   | 13 to 18<br>months | 19 to 24<br>months | Greater than<br>24 months |
| STAR Ohio             | \$1,587,073                  | \$1,587,073           | -                  | -                  | -                         |
| Negotiable CD's       | 800,088                      | 250,088               | 50,000             | 250,000            | 250,000                   |
| FNMA                  | 1,050,000                    | -                     | 50,000             | -                  | 1,000,000                 |
| Money market accounts | 9,506                        | 9,506                 | -                  | -                  | -                         |
| Total                 | <u>\$3,446,667</u>           | <u>\$1,846,667</u>    | <u>\$100,000</u>   | <u>\$250,000</u>   | <u>\$1,250,000</u>        |

The weighted average maturity of investments is 1.71 years.

*Interest Rate Risk:* Interest rate risk arises when potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments in federal agency securities were rated Aaa and AA+ by Moody's Investor Services and Standard & Poor's, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not address investment credit risk beyond the requirements of State statutes.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2016:

| Investment type       | Carrying Value     | % to Total    |
|-----------------------|--------------------|---------------|
| STAR Ohio             | \$1,587,073        | 46.05         |
| Negotiable CD's       | 800,088            | 23.21         |
| FNMA                  | 1,050,000          | 30.46         |
| Money market accounts | 9,506              | 0.28          |
| Total                 | <u>\$3,446,667</u> | <u>100.00</u> |

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Reconciliation of Cash to the Statement of Net Position**

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2016:

|   |                                |
|---|--------------------------------|
| <u>Cash per note</u>                          |                                |
| Carrying amount of deposits                   | \$8,790,379                    |
| Investments                                   | 3,446,667                      |
| Cash on hand                                  | <u>225</u>                     |
| <br>Total                                     | <br><u><u>\$12,237,271</u></u> |
| <br><u>Cash per statement of net position</u> |                                |
| Governmental activities                       | \$11,963,839                   |
| Private-purpose trust fund                    | 116,807                        |
| Agency fund                                   | <u>156,625</u>                 |
| <br>Total                                     | <br><u><u>\$12,237,271</u></u> |

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund transfers during fiscal year 2016 consisted of the following, as reported on the fund financial statements:

| <u>Transfers to nonmajor governmental funds from:</u> | <u>Amount</u>    |
|---|------------------|
| General fund  | <u>\$170,000</u> |

Transfers are used to (1) move cash receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) to use unrestricted cash receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

- B.** Interfund advances during fiscal year 2016 consisted of the following, as reported on the fund financial statements:

| <u>Advances from general fund to:</u> | <u>Amount</u>   |
|---------------------------------------|-----------------|
| Nonmajor governmental funds           | <u>\$10,000</u> |

Interfund advances between governmental funds are eliminated on the government-wide financial statements; therefore, no advances are reported in the statement of activities.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax receipts received in calendar year 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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 receipts received in calendar year 2016 represent the collection of calendar year 2015 taxes. Public utility real and personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Logan and Auglaize Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2016, are available to finance fiscal year 2016 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2016 taxes were collected are:

|   | 2015 Second<br>Half Collections |                | 2016 First<br>Half Collections |                |
|---|---------------------------------|----------------|--------------------------------|----------------|
|   | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/residential<br>and other real estate | \$383,902,240                   | 96.88          | \$ 383,804,560                 | 96.77          |
| Public utility personal                           | <u>12,378,030</u>               | <u>3.12</u>    | <u>12,809,890</u>              | <u>3.23</u>    |
| Total   | <u>\$ 396,280,270</u>           | <u>100.00</u>  | <u>\$ 396,614,450</u>          | <u>100.00</u>  |
| Tax rate per \$1,000 of<br>assessed valuation     | \$52.90                         |                | \$52.75                        |                |

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 7 - LONG-TERM OBLIGATIONS**

During fiscal year 2016, the following changes occurred in the District's long-term obligations:

|                                      | Balance<br>Outstanding<br><u>July 1, 2015</u> | <u>Additions</u> | <u>Reductions</u>   | Balance<br>Outstanding<br><u>June 30, 2016</u> | Amounts<br>Due in<br><u>One Year</u> |
|--------------------------------------|---|------------------|---------------------|--|--------------------------------------|
| <b>Governmental activities:</b>      |   |                  |                     |  |                                      |
| 2015 General Obligation Refund Bonds | \$ 5,785,000                                  | \$ -             | \$ (70,000)         | \$ 5,715,000                                   | \$ 785,000                           |
| 2008 Construction and Improvement    | 2,580,000                                     | -                | (105,000)           | 2,475,000                                      | -                                    |
| 2008 Capital Appreciation Bonds      | 44,999  | -                | -                   | 44,999   | 18,454                               |
| 2007 Advance Refunding Bonds         | 13,825,000                                    | -                | (450,000)           | 13,375,000                                     | -                                    |
| 2007 Capital Appreciation Bonds      | 621,887                                       | -                | -                   | 621,887  | 303,276                              |
| 2005 Capital Appreciation Bonds      | 197,144                                       | -                | (197,144)           | -  | -                                    |
| 1998 Capital Appreciation Bonds      | <u>36,363</u>                                 | <u>-</u>         | <u>(19,490)</u>     | <u>16,873</u>                                  | <u>16,873</u>                        |
| Total governmental activities        | <u>\$ 23,090,393</u>                          | <u>\$ -</u>      | <u>\$ (841,634)</u> | <u>\$ 22,248,759</u>                           | <u>\$ 1,123,603</u>                  |

Series 2015 General Obligation Refunding Bonds: On March 18, 2015, the District issued \$5,785,000 in general obligation refunding bonds to refund the remaining \$5,815,000 plus one interest payment of \$123,495 on the Series 2005 general obligation advance refunding bonds that were for the purpose of advance refunding \$8,420,000 of the 1996 Construction and Improvement Bonds. The bonds include serial bonds in the amount of \$5,785,000. The bonds were issued for an eight-year period, with final maturity on December 1, 2022. The bonds are being retired from the bond retirement fund.

The serial bonds maturing after December 1, 2015, are subject to redemption at the option of the District, either in whole or in part, in such order as the District shall determine, on any interest payment date on or after December 1, 2015, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date. The serial bonds bear interest rates ranging from 2.00% to 4.00%.

2008 School Facilities Construction and Improvement General Obligation Bonds - On December 10, 2008, the District issued \$3,124,999 in voted general obligation bonds for construction and improvements to the school buildings, with an interest rate ranging from 3.00% - 5.25%. The bond issue included current interest serial bonds and capital appreciation serial bonds in the amounts of \$3,080,000 and \$44,999, respectively. The bonds were issued for a 26 year period with a final maturity at December 1, 2034. The bonds will be retired with a voted property tax levy from the bond retirement fund.

The capital appreciation serial bonds will mature in fiscal years 2017 through 2019. The maturity amounts of the bonds are \$110,000, \$110,000, and \$110,000, respectively, for a total maturity of \$330,000.

2007 School Facilities Construction Improvement and Refunding General Obligation Bonds - On March 14, 2007, the District issued \$18,001,887 in general obligation School Facilities Construction Improvement and Refunding Bonds with an average interest rate of 4.00% for the purpose of advance refunding \$3,335,000 of the 1998 Construction and Improvement Bonds and issuing new bonds of \$14,666,887. The bonds were issued for a 27 year period with a final maturity at December 1, 2034. Proceeds of \$3,482,286 were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 series bonds. As a result, the 1998 series bonds are considered to be defeased.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)**

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

| <u>Year</u> | <u>Principal Amount<br/>to be Redeemed</u> |
|-------------|--|
| 2026        | \$ 615,000                                 |
| 2027        | 650,000                                    |
| 2028        | 680,000                                    |
| 2029        | 715,000                                    |
| 2030        | 750,000                                    |
| 2031        | 785,000                                    |
| 2032        | 825,000                                    |
| 2033        | 870,000                                    |

The remaining principal amount of such current interest bonds, \$720,000, will mature at the stated maturity on December 1, 2034.

The current interest bonds maturing after December 1, 2017 are subject to redemption at the option of the District, either in whole or in part, in such order as the District shall determine, on any interest payment date on or after June 1, 2017, at redemption prices equal to the date fixed for redemption.

When partial redemption is authorized, the current interest bonds or portions thereof will be selected by lot within a maturity in such manner as the Bond Registrar may determine, provided, however, that the portion of any such bond so selected will be in the amount of \$5,000 or any integral multiple thereof.

If optional redemption of current interest bonds at a redemption exceeding 100% is to take place on any date on which a mandatory redemption of such bonds of the same maturity will take place, such bonds to be redeemed by optional redemption are to be selected by the Bond Registrar prior to the selection of such bonds to be redeemed at par on the same date.

The capital appreciation serial bonds will mature in fiscal years 2017 through 2018. The maturity amounts of the bonds are \$470,000 and \$745,000, respectively, for a total maturity of \$1,215,000.

2005 Advance Refunding General Obligation Bonds - On April 21, 2005, the District issued \$8,419,990 in general obligation advance refunding bonds with an approximate average interest rate of 3.65% for the purpose of advance refunding \$8,420,000 of the 1996 Construction and Improvement Bonds. The bond issue included \$8,000,000 of current issue serial bonds and \$420,000 of capital appreciation bonds. The series bonds were refunded March 18, 2015.

The capital appreciation serial bonds will mature in fiscal year 2016. The maturity amounts of the bonds are \$775,000.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)**

1998 General Obligation Bonds - On March 1, 1998, the District issued \$4,999,613 in voted general obligation bonds for construction and improvements to the school buildings. The bond issue included current interest serial, current interest term, and capital appreciation serial bonds in the amounts of \$1,940,000, \$2,910,000 and \$149,613, respectively. On March 14, 2007, a portion of the current interest bonds were refunded, leaving an outstanding balance of \$420,000. These bonds matured December 1, 2010. The bonds were retired with a voted property tax levy from the bond retirement fund.

The remaining capital appreciation serial bonds will mature in fiscal years 2015 through 2017. The maturity amounts of the bonds are \$250,000 each, for a total maturity of \$750,000.

1996 General Obligation Bonds - On February 1, 1996, the District issued \$13,099,877 in voted general obligation bonds for construction and improvements to the school buildings. The bond issue included current interest serial, current interest term, and capital appreciation serial bonds in the amounts of \$4,560,000, \$7,560,000, and \$979,877, respectively. The bonds were issued for a 28 year period with a final maturity at December 1, 2023. The bonds will be retired with a voted property tax levy from the bond retirement fund.

The current interest serial bonds and all but \$660,000 of the current interest term bonds were paid with the 2005 advance refunding bonds. The interest term bonds of \$660,000 were paid off in 2007.

Principal and interest requirements to retire the District's long-term obligations at June 30, 2016 are as follows:

| <u>June 30,</u> | <u>Principal</u>    | <u>Interest</u>    | <u>Total</u>        |
|-----------------|---------------------|--------------------|---------------------|
| 2017            | \$1,123,603         | \$1,374,901        | \$2,498,504         |
| 2018            | 1,148,363           | 1,377,215          | 2,525,578           |
| 2019            | 1,591,793           | 909,962            | 2,501,755           |
| 2020            | 1,760,000           | 752,597            | 2,512,597           |
| 2021            | 1,810,000           | 696,048            | 2,506,048           |
| 2022 - 2026     | 6,605,000           | 2,638,329          | 9,243,329           |
| 2027 - 2031     | 4,220,000           | 1,557,272          | 5,777,272           |
| 2032 - 2035     | <u>3,990,000</u>    | <u>399,988</u>     | <u>4,389,988</u>    |
| Total           | <u>\$22,248,759</u> | <u>\$9,706,312</u> | <u>\$31,955,071</u> |

**NOTE 8 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District maintains comprehensive insurance coverage for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Settled claims resulting from these risks have not exceeded the commercial coverage in any of the past three fiscal years.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 8 - RISK MANAGEMENT - (Continued)**

The District's comprehensive commercial insurance coverage for real property and building contents has a liability limit of \$93,194,673, a \$10,000 deductible, and a 100 percent coinsurance.

The District's fleet insurance has a liability limit of \$2,000,000, \$5,000 for medical payments. The policy includes a \$1,000 deductible for comprehensive and collision coverage with all buses covered for cash value or replacement cost if the bus is ten years old or newer.

**B. Workers' Compensation**

For fiscal year 2016, the District participated in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**C. Health Insurance**

The District participates in the Logan County Schools Benefit Plan Association (the Plan) and the Logan County School Employee Consortium Council of Governments (the COG, effective January 1, 2014) as described in Note 2.A.

**NOTE 9 - PENSION PLANS**

***Net Pension Liability***

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 9 - PENSION PLANS - (Continued)**

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

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

Age and service requirements for retirement are as follows:

|                              | Eligible to<br>Retire on or before<br>August 1, 2017 *                          | Eligible to<br>Retire on or after<br>August 1, 2017                                  |
|------------------------------|---|--|
| Full benefits                | Any age with 30 years of service credit   | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially reduced benefits | Age 60 with 5 years of service credit<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or<br>Age 60 with 25 years of service credit |

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

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

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 9 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$316,092 for fiscal year 2016.

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

Plan Description - District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS Ohio. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS Ohio's fiduciary net position. That report can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement increased effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

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

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 9 - PENSION PLANS - (Continued)**

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2015, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS Ohio was \$941,117 for fiscal year 2016.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

|  | <u>SERS</u> | <u>STRS Ohio</u> | <u>Total</u> |
|--|-------------|------------------|--------------|
| Proportionate share of the net pension liability | \$4,131,802 | \$17,655,959     | \$21,787,761 |
| Proportion of the net pension liability          | 0.07241030% | 0.06388505%      |              |

***Changes Between Measurement Date and Report Date***

In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Schools District's net pension liability is expected to be significant.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 9 - PENSION PLANS - (Continued)**

***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

|  |  |
|--|--|
| Wage inflation                               | 3.25 percent   |
| Future salary increases, including inflation | 4.00 percent to 22 percent                                   |
| COLA or ad hoc COLA                          | 3 percent  |
| Investment rate of return                    | 7.75 percent net of investments expense, including inflation |
| Actuarial cost method                        | Entry age normal   |

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 9 - PENSION PLANS - (Continued)**

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Long Term Expected<br/>Real Rate of Return</u> |
|------------------------|------------------------------|---|
| Cash                   | 1.00 %                       | 0.00 %  |
| US Stocks              | 22.50                        | 5.00  |
| Non-US Stocks          | 22.50                        | 5.50  |
| Fixed Income           | 19.00                        | 1.50  |
| Private Equity         | 10.00                        | 10.00   |
| Real Assets            | 10.00                        | 5.00  |
| Multi-Asset Strategies | 15.00                        | 7.50  |
| Total                  | <u>100.00 %</u>              |   |

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

|   | <u>1% Decrease<br/>(6.75%)</u> | <u>Current<br/>Discount Rate<br/>(7.75%)</u> | <u>1% Increase<br/>(8.75%)</u> |
|---|--------------------------------|--|--------------------------------|
| District's proportionate share of the net pension liability | \$5,729,325                    | \$4,131,802                                  | \$2,786,556                    |

**Actuarial Assumptions - STRS Ohio**

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                   |  |
|-----------------------------------|--|
| Inflation                         | 2.75 percent   |
| Projected salary increases        | 2.75 percent at age 70 to 12.25 percent at age 20  |
| Investment rate of return         | 7.75 percent, net of investment expenses   |
| Cost-of-living adjustments (COLA) | 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date. |

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 9 - PENSION PLANS - (Continued)**

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

| Asset Class          | Target<br>Allocation | Long Term Expected<br>Real Rate of Return |
|----------------------|----------------------|---|
| Domestic Equity      | 31.00 %              | 8.00 %                                    |
| International Equity | 26.00                | 7.85                                      |
| Alternatives         | 14.00                | 8.00                                      |
| Fixed Income         | 18.00                | 3.75                                      |
| Real Estate          | 10.00                | 6.75                                      |
| Liquidity Reserves   | 1.00                 | 3.00                                      |
| Total                | 100.00 %             |   |

**Discount Rate** - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

|   | 1% Decrease<br>(6.75%) | Current<br>Discount Rate<br>(7.75%) | 1% Increase<br>(8.75%) |
|---|------------------------|-------------------------------------|------------------------|
| District's proportionate share of the net pension liability | \$24,525,459           | \$17,655,959                        | \$11,846,773           |

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no portion of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$36,606(surcharge only), \$17,453, and \$3,088, respectively. 100 percent has been contributed for fiscal years 2016, 2015 and 2014.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015 and 2014 were \$0, \$0 and \$70,171, respectively; 100 percent has been contributed for fiscal year 2014.

**NOTE 11 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not party to legal proceedings that would have a material effect, if any, on the financial condition of the District.

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**NOTE 12 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund cash receipt amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year end. This amount must be carried forward to be used for the same purpose in future years. Disbursements and other applicable offsets exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 12 - SET-ASIDES (Continued)**

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

|   | <u>Capital<br/>Improvements</u> |
|---|---------------------------------|
| Set-aside balance June 30, 2015             | \$ -                            |
| Current year set-aside requirement          | 292,538                         |
| Current year qualifying disbursements       | <u>(822,595)</u>                |
| Total                                       | <u>\$ (530,057)</u>             |
| Balance carried forward to fiscal year 2017 | <u>\$ -</u>                     |
| Set-aside balance June 30, 2016             | <u>\$ -</u>                     |

In prior fiscal years, the District issued \$18,001,887 in capital related debt obligations. These proceeds may be used to reduce the capital improvements set-aside amount for future years. The amount presented for prior year offset from debt proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of debt proceeds that may be used as an offset in future periods, which was \$17,708,310 at June 30, 2016.

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the modified cash basis, 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 cash receipts, disbursements and changes in fund balance - budget and actual (budget basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the modified cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a cash disbursement, as opposed to assigned, committed, or restricted fund cash balance for that portion of outstanding encumbrances (modified cash basis); and,
- (b) Some funds are included in the general fund (modified cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the modified cash basis for the general fund is as follows:

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

**Net Change in Fund Cash Balance**

|                             | <u>General fund</u> |
|-----------------------------|---------------------|
| Budget basis                | \$ 1,029,840        |
| Funds budgeted elsewhere    | (60,576)            |
| Adjustment for encumbrances | 90,064              |
| Modified cash basis         | <u>\$ 1,059,328</u> |

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a modified cash basis. This includes the uniform school supplies fund, public school fund, State/political subdivision fund and termination benefits fund.

**NOTE 14 – COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund cash balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

| <u>Fund</u>                 | <u>Year End<br/>Encumbrances</u> |
|-----------------------------|----------------------------------|
| General                     | \$ 90,364                        |
| Nonmajor governmental funds | 43,712                           |
| Total                       | <u>\$ 134,076</u>                |

**NOTE 15 – SUBSEQUENT EVENT**

On March 14, 2017 the District Refinanced General Obligation Bonds in the amount of \$15,380,000. The general obligation bonds issued are to refund the Refunded Series 2007 Bonds.

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| FEDERAL GRANTOR<br><i>Pass Through Grantor</i><br>Program / Cluster Title | Federal<br>CFDA<br>Number | Pass Through<br>Entity Identifying<br>Number | Pass Through<br>to<br>Subrecipients | Total<br>Federal<br>Expenditures |
|---|---------------------------|--|-------------------------------------|----------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                     |                           |  |                                     |                                  |
| <i>(Passed through Ohio Department of Education)</i>                      |                           |  |                                     |                                  |
| <b>Child Nutrition Cluster:</b>   |                           |  |                                     |                                  |
| Non-Cash Assistance (Food Distribution)                                   |                           |  |                                     |                                  |
| School Breakfast Program  | 10.553                    |  |                                     | 11,787                           |
| National School Lunch Program   | 10.555                    |  |                                     | \$47,146                         |
| Cash Assistance:  |                           |  |                                     |                                  |
| School Breakfast Program  | 10.553                    |  |                                     | 146,471                          |
| National School Lunch Program   | 10.555                    |  |                                     | 370,054                          |
| Total Child Nutrition Cluster   |                           |  |                                     | <u>575,458</u>                   |
| Total U. S. Department of Agriculture                                     |                           |  |                                     | <u>575,458</u>                   |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                                       |                           |  |                                     |                                  |
| <i>(Passed through Ohio Department of Education)</i>                      |                           |  |                                     |                                  |
| Title 1 Grants to Local Educational Agencies                              | 84.010                    |  |                                     | 426,640                          |
| <b>Special Education Cluster (IDEA):</b>                                  |                           |  |                                     |                                  |
| Special Education Grants to States  | 84.027                    |  |                                     | 426,730                          |
| Total Special Education Cluster (IDEA)                                    |                           |  |                                     | <u>426,730</u>                   |
| Improving Teacher Quality State Grants                                    | 84.367                    |  |                                     | 96,619                           |
| Twenty-First Century Community Learning Centers                           | 84.287                    |  |                                     | <u>153,986</u>                   |
| Total U. S. Department of Education                                       |                           |  |                                     | <u>1,103,975</u>                 |
| <b>United States Department of Homeland Security (DHS)</b>                |                           |  |                                     |                                  |
| Passed Through Ohio Department of Public Safety                           |                           |  |                                     |                                  |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)   | 97.036                    |  |                                     | <u>3,022</u>                     |
| <b>Total Expenditures of Federal Awards</b>                               |                           |  |                                     | <u><u>\$1,682,455</u></u>        |

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Indian Lake Local School District (the District's) under programs of the federal government for the fiscal year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

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

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - 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 D – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

Indian Lake Local School District  
Logan County  
6210 State Route 235 North  
Lewistown, Ohio 43333

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian Lake Local School District, Logan County, (the District) as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 3, 2017, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

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

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

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***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

***Entity's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 3, 2017



# Dave Yost • Auditor of State

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

Indian Lake Local School District  
Logan County  
6210 State Route 235 North  
Lewistown, Ohio 43333

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Indian Lake Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Indian Lake Local School District's major federal programs for the fiscal year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

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

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

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the Indian Lake Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2016.

**Report on Internal Control Over Compliance**

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

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

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

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 3, 2017

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
2 C.F.R. § 200.515  
JUNE 30, 2016**

|  |
|--|
| <b>1. SUMMARY OF AUDITOR'S RESULTS</b> |
|--|

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

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

**FINDINGS NUMBER 2016-001**

**Noncompliance Citation**

**Ohio Rev. Code § 117.38** provides, in part, that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code § 117-2-03 further clarifies the requirements of Ohio Rev. Code § 117.38.

**Ohio Admin. Code § 117-2-03(B)** requires all school districts to file annual financial reports which are prepared using generally accepted accounting principles. The District prepared its financial statements in accordance with the cash accounting basis. The accompanying financial statements omit assets, liabilities, deferred inflows/outflows, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code § 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

To help provide the users with more meaningful financial statements, the District should prepare its financial statements in accordance with generally accepted accounting principles.

**OFFICIALS' RESPONSE:**

In response to Finding Number 2016-001 Noncompliance Citation O.R.C. 117.38; the Indian Lake Board of Education understands that the Ohio Revised Code requires the District's financial statements to be prepared in accordance with GAAP; however, an allowance has been implemented by accounting and auditing standards that is accepted by the State Auditor's office for issuance of an unmodified opinion if GAAP look-alike, OCBOA, financial statements have been prepared by the District. Due to cost of the conversion, increased audit cost, and cost of employee resources, the Board feels money that would otherwise be spent on conversion to GAAP is better used to educate the students of Indian Lake Local Schools. In addition, federal security laws do not require GAAP financial statements, and specifically, SEC Rule 15c2-12 relating to continuing disclosure on outstanding debt (which applies to the District) does not require GAAP financial statements.

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

None

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
JUNE 30, 2016**

| <b>Finding Number</b> | <b>Finding Summary</b>   | <b>Status</b>  | <b>Additional Information</b>   |
|-----------------------|--|--|---|
| 2015-001              | Ohio Rev. Code Section 117.38 & Ohio Admin. Code Section 117-2-03(B)<br>– Failed to file financial statements in accordance with GAAP.<br>This was first reported in the fiscal year ended June 30, 2003 | Repeated as Finding 2016-001                           | The School District acknowledges this requirement but will continue to report on the modified cash basis in order to save resources for the District. |
| 2015-002              | Accuracy and Completeness of Financial Reporting   | Corrective Action Taken and Finding is Fully Corrected |   |

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
JUNE 30, 2016**

| <b>Finding Number</b> | <b>Planned Corrective Action</b>  | <b>Anticipated Completion Date</b> | <b>Responsible Contact Person</b> |
|-----------------------|---|------------------------------------|-----------------------------------|
| 2016-001              | <p>In response to Finding Number 2016-001 Noncompliance Citation O.R.C. 117.38; the Indian Lake Board of Education understands that the Ohio Revised Code requires the District's financial statements to be prepared in accordance with GAAP; however, an allowance has been implemented by accounting and auditing standards that is accepted by the State Auditor's office for issuance of an unmodified opinion if GAAP look-alike, OCBOA, financial statements have been prepared by the District. Due to cost of the conversion, increased audit cost, and cost of employee resources, the Board feels money that would otherwise be spent on conversion to GAAP is better used to educate the students of Indian Lake Local Schools. In addition, federal security laws do not require GAAP financial statements, and specifically, SEC Rule 15c2-12 relating to continuing disclosure on outstanding debt (which applies to the District) does not require GAAP financial statements.</p> | N/A                                | Coleen Reprogle, Treasurer        |



# Dave Yost • Auditor of State

INDIAN LAKE LOCAL SCHOOL DISTRICT

LOGAN 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  
JUNE 15, 2017