



Dave Yost • Auditor of State

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Statement of Net Position	13
Statement of Activities.....	14
Balance Sheet – Governmental Funds	15
Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	19
Statement of Fiduciary Net Position – Fiduciary Funds.....	20
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund	21
Notes to the Basic Financial Statements	23
Federal Awards Receipts and Expenditures Schedule.....	51
Notes to the Federal Award Receipts and Expenditures Schedule.....	52
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Governmental Auditing Standards.....	53
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	55
Schedule of Findings.....	57

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Creek Local School District, Jefferson County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Creek Local School District, Jefferson County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Federal Awards Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Districts, and Non-Profit Organizations and is also 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 schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2015, 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 "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

March 2, 2015

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Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The management's discussion and analysis of Indian Creek Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for fiscal year 2014 are as follows:

- The closing and sale of the Wayne Elementary School in September of 2013 resulted in proceeds of about \$150,000.
- The School District's health insurance premiums increased 22 percent for fiscal year 2014. Effective in February 2014, certified and administrative staff began paying 6 percent of their health insurance premiums for both family coverage and single coverage. Prior to the change, all employees paid 5 percent of the premium for single coverage and 7 percent of the premium for family coverage.
- Certified staff received a 1 percent raise in base salaries for fiscal year 2014.
- The School District's enrollment decreased from 2,342 students in fiscal year 2013 to 2,314 students in fiscal year 2014. Certified staff decreased from 134 employees in fiscal year 2013 to 129 employees in fiscal year 2014.
- School Choice, under which the School District must pay community schools for students who live within the School District and attend community schools, cost the School District \$466,710 in fiscal year 2014, compared to \$375,000 in fiscal year 2013 and \$252,000 in fiscal year 2012.

Using this Annual Financial Report

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

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

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The *Statement of Net Position* and the *Statement of Activities* answers this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are classified as governmental. Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service operations and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement debt service fund.

Governmental Funds

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

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

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The School District as a Whole

You may recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's Net Position for fiscal year 2014 compared to fiscal year 2013:

(Table 1)
 Net Position
 Governmental Activities

	2014	2013	Change
Assets			
Current and Other Assets	\$14,081,419	\$13,148,587	\$932,832
Capital Assets	20,281,551	21,300,428	(1,018,877)
<i>Total Assets</i>	<u>34,362,970</u>	<u>34,449,015</u>	<u>(86,045)</u>
Liabilities			
Current Liabilities	2,754,157	2,993,195	239,038
Long-Term Liabilities			
Due within One Year	583,602	731,675	148,073
Due in More than One Year	12,240,978	12,696,005	455,027
<i>Total Liabilities</i>	<u>15,578,737</u>	<u>16,420,875</u>	<u>842,138</u>
Deferred Inflows of Resources	<u>7,033,180</u>	<u>6,998,614</u>	<u>(34,566)</u>
Net Position			
Net Investment in Capital Assets	8,986,016	9,437,257	(451,241)
Restricted for:			
Capital Projects	400,305	422,447	(22,142)
Debt Service	412,261	342,750	69,511
Other Purposes	1,278,440	1,213,745	64,695
Unrestricted (Deficit)	674,031	(386,673)	1,060,704
<i>Total Net Position</i>	<u>\$11,751,053</u>	<u>\$11,029,526</u>	<u>\$721,527</u>

The School District had an insignificant decrease in total assets due to decreases in capital assets. The decrease in capital assets resulted from current year depreciation outpacing current year additions. The School District also sold the Wayne Elementary School in fiscal year 2014.

Total liabilities decreased due to decreases in both current and long-term liabilities. The decrease in current liabilities was due mainly to decreases in matured compensated absences payable and notes payable. The decrease in long-term liabilities was due to the paying down of debt.

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

In order to further understand what makes up the changes in net position for the current year, the following table gives further details regarding the results of activities for fiscal years 2014 and 2013.

(Table 2)
Change in Net Position
Governmental Activities

	2014	2013	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services and Sales	\$2,368,811	\$2,423,053	(\$54,242)
Operating Grants, Interest and Contributions	3,298,706	3,269,765	28,941
Capital Grants	36,015	484,168	(448,153)
<i>Total Program Revenues</i>	5,703,532	6,176,986	(473,454)
<i>General Revenues</i>			
Property Taxes	8,012,643	8,289,384	(276,741)
Grants and Entitlements not Restricted	9,451,282	8,652,263	799,019
Investment Earnings	1,703	4,194	(2,491)
Miscellaneous	10,887	10,444	443
<i>Total General Revenues</i>	17,476,515	16,956,285	520,230
<i>Total Revenues</i>	23,180,047	23,133,271	46,776
Program Expenses			
Current:			
Instruction:			
Regular	10,138,329	9,814,691	(323,638)
Special	3,176,439	2,516,315	(660,124)
Vocational	298,178	218,243	(79,935)
Adult/Continuing	3,600	2,100	(1,500)
Student Intervention Services	149,566	189,028	39,462
Support Services:			
Pupils	688,642	740,829	52,187
Instructional Staff	581,241	1,058,321	477,080
Board of Education	15,780	14,856	(924)
Administration	1,679,050	1,781,890	102,840
Fiscal	459,624	451,330	(8,294)
Operation and Maintenance of Plant	1,938,446	1,999,361	60,915
Pupil Transportation	1,126,935	1,041,238	(85,697)
Central	239,603	247,734	8,131
Extracurricular Activities	377,344	353,346	(23,998)
Operation of Non-Instructional Services	106,378	99,245	(7,133)
Operation of Food Service	891,270	994,840	103,570
Interest and Fiscal Charges	588,095	745,689	157,594
<i>Total Program Expenses</i>	22,458,520	22,269,056	(189,464)
<i>Change in Net Position</i>	721,527	864,215	(142,688)
<i>Net Position Beginning of Year</i>	11,029,526	10,165,311	864,215
<i>Net Position End of Year</i>	\$11,751,053	\$11,029,526	\$721,527

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Governmental Activities

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

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

While program revenues decreased and general revenues increased in fiscal year 2014, total revenues remained comparable with fiscal year 2013 total revenues. The increase in grants and entitlements not restricted to specific programs was due to the School District's ability to secure more funding from intergovernmental sources during fiscal year 2014.

Instructional expenses decreased due to a reduction in certified teaching staff. In addition to reducing the overall number of staff, the School District also had retirements from staff that were replaced by entry level teachers. The School District continues to show vigilance in monitoring all facets of spending.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for fiscal year 2014 compared to fiscal year 2013.

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

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Instruction	\$13,766,112	\$9,699,194	\$12,740,377	\$8,379,614
Support Services:				
Pupils and Instructional Staff	1,269,883	926,085	1,799,150	1,344,278
Board of Education,				
Administration and Fiscal	2,154,454	2,042,985	2,248,076	2,110,489
Operation and Maintenance of Plant	1,938,446	1,883,585	1,999,361	1,948,843
Pupil Transportation	1,126,935	1,099,771	1,041,238	1,019,582
Central	239,603	232,403	247,734	238,734
Extracurricular Activities	377,344	213,997	353,346	186,547
Operation of Non-Instructional Services	106,378	(6,899)	99,245	(830)
Operation of Food Service	891,270	75,772	994,840	119,124
Interest and Fiscal Charges	588,095	588,095	745,689	745,689
<i>Total Expenses</i>	<u>\$22,458,520</u>	<u>\$16,754,988</u>	<u>\$22,269,056</u>	<u>\$16,092,070</u>

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. For fiscal year 2014, the general fund had an increase in fund balance as a result of increases in revenues, mainly intergovernmental revenue, and decreases in expenditures, primarily expenditures for instructional staff and for operation and maintenance of plant.

General Fund Budgeting Highlights

Budgeting is prescribed by the Ohio Revised Code. Essentially, the budget is the School District's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Revised Code. During the course of fiscal year 2014, the School District amended its general fund budget numerous times to allow for insignificant amendments. The School District uses a site-based budgeting system designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was higher than the original budget estimate. The change was mainly attributed to an increase in intergovernmental revenue as projections became more accurate. The final budget appropriations were lower than the original budget appropriations of the general fund due mainly to a decrease in regular instruction expenditures.

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2014 balances compared to fiscal year 2013:

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

	2014	2013	Change
Land	\$84,878	\$87,783	(\$2,905)
Land Improvements	1,136,508	1,247,500	(110,992)
Buildings and Improvements	17,508,163	18,349,353	(841,190)
Furniture and Fixtures	1,178,999	1,149,932	29,067
Vehicles	373,003	465,860	(92,857)
Total	\$20,281,551	\$21,300,428	(\$1,018,877)

The decrease in capital assets was due to depreciation exceeding capital asset additions. The sale of the Wayne Elementary School during fiscal year 2014 also contributed to the large reduction in buildings and improvements. Ohio law requires school districts to set aside three percent of certain revenues for capital improvements. For fiscal year 2014, this amounted to \$366,384. See Note 10 to the basic financial statements for additional information on the School District's capital assets and Note 21 for additional information regarding required set-asides.

Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Debt

Table 5 summarizes the long-term debt outstanding:

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

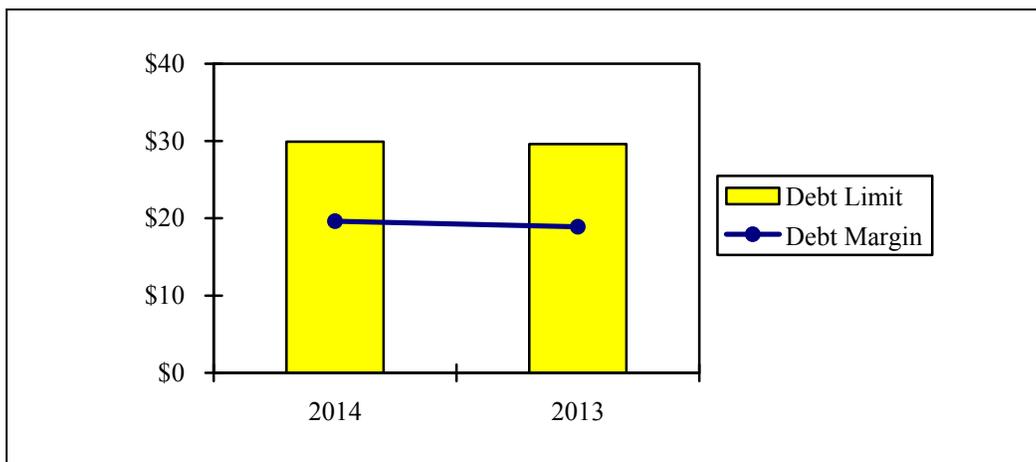
	2014	2013	Change
School Facilities Bonds	\$10,781,610	\$10,973,747	(\$192,137)
School Facilities Hardship Loan	525,273	656,591	(131,318)
Energy Conservation Bonds	223,353	305,297	(81,944)
Capital Leases	116,570	165,963	(49,393)
<i>Totals</i>	<u>\$11,646,806</u>	<u>\$12,101,598</u>	<u>(\$454,792)</u>

The School Facilities general obligation bonds were issued for the School District's portion of the Ohio School Facilities Commission project. These bonds will be fully repaid in fiscal year 2037. The School Facilities Hardship loan was issued for demolition of the old middle school and for further construction. This loan will be fully repaid in fiscal year 2018. The Energy Conservation bonds were issued for the purpose of upgrading buildings and reducing energy consumption and will be fully retired in fiscal year 2017.

The School District's overall legal debt margin increased in fiscal year 2014. This is the additional amount of debt the School District could issue. The debt margin increased from fiscal year 2013 due to both an increase in assessed valuation and a decrease in total outstanding debt as a result of annual debt payments. Additional information concerning debt issuances can be found in Note 17 to the basic financial statements.

Graph 1
 Legal Debt Margin
 (in millions)

	2014	2013
Overall Debt Limit	\$29.9	\$29.6
Overall Debt Margin	19.6	18.9



Indian Creek Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Challenges and Opportunities

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

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact, Denise Todoroff, Treasurer at Indian Creek Local School District, 587 Bantam Ridge Road, Wintersville, Ohio 43953.

Indian Creek Local School District

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,659,962
Accounts Receivable	7,067
Intergovernmental Receivable	402,866
Inventory Held for Resale	22,359
Materials and Supplies Inventory	70,292
Property Taxes Receivable	9,918,873
Nondepreciable Capital Assets	84,878
Depreciable Capital Assets, Net	<u>20,196,673</u>
<i>Total Assets</i>	<u>34,362,970</u>
Liabilities	
Accounts Payable	76,018
Accrued Wages and Benefits	1,684,312
Contracts Payable	68,294
Intergovernmental Payable	366,202
Matured Compensated Absences Payable	3,834
Accrued Interest Payable	43,366
Notes Payable	512,131
Long-Term Liabilities:	
Due Within One Year	583,602
Due in More Than One Year	<u>12,240,978</u>
<i>Total Liabilities</i>	<u>15,578,737</u>
Deferred Inflows of Resources	
Property Taxes	<u>7,033,180</u>
Net Position	
Net Investment in Capital Assets	8,986,016
Restricted for:	
Capital Projects	400,305
Debt Service	412,261
Other Purposes	1,278,440
Unrestricted	<u>674,031</u>
<i>Total Net Position</i>	<u><u>\$11,751,053</u></u>

See accompanying notes to the basic financial statements

Indian Creek Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues				Net Revenue/(Expense) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$10,138,329	\$1,573,655	\$131,268	\$2,156	(\$8,431,250)
Special	3,176,439	363,471	1,848,314	0	(964,654)
Vocational	298,178	48,159	28,687	0	(221,332)
Adult/Continuing	3,600	2,478	458	0	(664)
Student Intervention Services	149,566	14,445	53,827	0	(81,294)
Support Services:					
Pupils	688,642	0	25,830	0	(662,812)
Instructional Staff	581,241	891	317,077	0	(263,273)
Board of Education	15,780	0	0	0	(15,780)
Administration	1,679,050	22,166	87,732	0	(1,569,152)
Fiscal	459,624	0	1,571	0	(458,053)
Operation and Maintenance					
of Plant	1,938,446	0	21,002	33,859	(1,883,585)
Pupil Transportation	1,126,935	0	27,164	0	(1,099,771)
Central	239,603	0	7,200	0	(232,403)
Extracurricular Activities	377,344	146,804	16,543	0	(213,997)
Operation of Non-Instructional					
Services	106,378	0	113,277	0	6,899
Operation of Food Service	891,270	196,742	618,756	0	(75,772)
Interest and Fiscal Charges	588,095	0	0	0	(588,095)
Totals	\$22,458,520	\$2,368,811	\$3,298,706	\$36,015	(16,754,988)
General Revenues					
Property Taxes Levied for:					
					6,920,267
					768,179
					179,743
					144,454
Grants and Entitlements not Restricted					
					9,451,282
					1,703
					10,887
					<u>17,476,515</u>
					721,527
					<u>11,029,526</u>
					<u>\$11,751,053</u>

See accompanying notes to the basic financial statements

Indian Creek Local School District

Balance Sheet

Governmental Funds

June 30, 2014

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,128,321	\$570,171	\$1,961,470	\$3,659,962
Accounts Receivable	6,104	0	963	7,067
Intergovernmental Receivable	0	0	402,866	402,866
Interfund Receivable	79,926	0	0	79,926
Inventory Held for Resale	0	0	22,359	22,359
Materials and Supplies Inventory	67,021	0	3,271	70,292
Property Taxes Receivable	8,629,045	877,216	412,612	9,918,873
<i>Total Assets</i>	<u>\$9,910,417</u>	<u>\$1,447,387</u>	<u>\$2,803,541</u>	<u>\$14,161,345</u>
Liabilities				
Accounts Payable	\$57,906	\$0	\$18,112	\$76,018
Accrued Wages and Benefits	1,508,918	0	175,394	1,684,312
Contracts Payable	1,224	0	67,070	68,294
Intergovernmental Payable	331,583	0	34,619	366,202
Interfund Payable	0	0	79,926	79,926
Accrued Interest Payable	0	0	2,125	2,125
Matured Compensated Absences Payable	3,834	0	0	3,834
Notes Payable	0	0	512,131	512,131
<i>Total Liabilities</i>	<u>1,903,465</u>	<u>0</u>	<u>889,377</u>	<u>2,792,842</u>
Deferred Inflows of Resources				
Property Taxes	6,065,092	658,978	309,110	7,033,180
Unavailable Revenue	1,741,691	118,397	307,188	2,167,276
<i>Total Deferred Inflows of Resources</i>	<u>7,806,783</u>	<u>777,375</u>	<u>616,298</u>	<u>9,200,456</u>
Fund Balances				
Nonspendable	67,021	0	3,271	70,292
Restricted	0	670,012	1,697,235	2,367,247
Committed	13,241	0	0	13,241
Assigned	119,907	0	0	119,907
Unassigned (Deficit)	0	0	(402,640)	(402,640)
<i>Total Fund Balances</i>	<u>200,169</u>	<u>670,012</u>	<u>1,297,866</u>	<u>2,168,047</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$9,910,417</u>	<u>\$1,447,387</u>	<u>\$2,803,541</u>	<u>\$14,161,345</u>

See accompanying notes to the basic financial statements - 15 -

Indian Creek Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2014*

Total Governmental Funds Balances	\$2,168,047
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,281,551
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:	
Delinquent Property Taxes	1,916,252
Grants	251,024
Total	2,167,276
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(41,241)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(11,530,236)
Compensated Absences	(1,177,774)
Capital Leases Payable	(116,570)
Total	(12,824,580)
 <i>Net Position of Governmental Activities</i>	 \$11,751,053

See accompanying notes to the basic financial statements

Indian Creek Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$6,949,901	\$770,281	\$325,152	\$8,045,334
Intergovernmental	10,253,716	133,340	2,263,901	12,650,957
Interest	1,441	0	347	1,788
Charges for Services	1,204	0	196,742	197,946
Tuition and Fees	1,960,880	0	0	1,960,880
Extracurricular Activities	39,874	0	143,830	183,704
Rentals	26,281	0	0	26,281
Contributions and Donations	13,144	0	20,743	33,887
Miscellaneous	9,769	0	1,118	10,887
<i>Total Revenues</i>	<u>19,256,210</u>	<u>903,621</u>	<u>2,951,833</u>	<u>23,111,664</u>
Expenditures				
Current:				
Instruction:				
Regular	9,394,660	0	143,457	9,538,117
Special	2,261,379	0	915,587	3,176,966
Vocational	295,729	0	0	295,729
Adult/Continuing	3,100	0	500	3,600
Student Intervention Services	96,521	0	60,617	157,138
Support Services:				
Pupils	661,756	0	24,424	686,180
Instructional Staff	287,791	0	347,833	635,624
Board of Education	15,780	0	0	15,780
Administration	1,585,474	0	84,085	1,669,559
Fiscal	426,241	19,907	3,749	449,897
Operation and Maintenance of Plant	1,678,620	0	50,133	1,728,753
Pupil Transportation	1,030,100	0	9,825	1,039,925
Central	232,117	0	7,200	239,317
Extracurricular Activities	219,197	0	135,066	354,263
Operation of Non-Instructional Services	67	0	111,512	111,579
Operation of Food Service	0	0	887,655	887,655
Capital Outlay	4,025	0	169,076	173,101
Debt Service:				
Principal Retirement	49,393	326,944	131,318	507,655
Interest and Fiscal Charges	7,077	501,630	27,477	536,184
<i>Total Expenditures</i>	<u>18,249,027</u>	<u>848,481</u>	<u>3,109,514</u>	<u>22,207,022</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,007,183	55,140	(157,681)	904,642
Other Financing Sources				
Sale of Capital Assets	7,127	0	156,200	163,327
<i>Net Change in Fund Balances</i>	1,014,310	55,140	(1,481)	1,067,969
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(814,141)</u>	<u>614,872</u>	<u>1,299,347</u>	<u>1,100,078</u>
<i>Fund Balances End of Year</i>	<u>\$200,169</u>	<u>\$670,012</u>	<u>\$1,297,866</u>	<u>\$2,168,047</u>

See accompanying notes to the basic financial statements

Indian Creek Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds \$1,067,969

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

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

Capital Asset Additions	136,472	
Current Year Depreciation	(913,660)	
Total	(777,188)	(777,188)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (241,689)

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

Property Taxes	(32,691)	
Intergovernmental	101,074	
Total	68,383	68,383

Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 507,655

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

Accrued Interest	952	
Amortization of Bond Premiums	15,126	
Amortization of Bond Discount	(7,215)	
Annual Accretion	(60,774)	
Total	(51,911)	(51,911)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 148,308

Change in Net Position of Governmental Activities \$721,527

See accompanying notes to the basic financial statements

Indian Creek Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$6,805,928	\$6,869,797	\$6,869,797	\$0
Intergovernmental	9,865,233	10,312,662	10,312,662	0
Interest	1,850	1,515	1,441	(74)
Charges for Services	4,110	1,204	1,204	0
Tuition and Fees	1,947,032	1,930,811	1,930,835	24
Extracurricular Activities	200	202	202	0
Rentals	30,000	26,281	26,281	0
Contributions and Donations	8,500	2,500	2,500	0
Miscellaneous	5,330	7,845	7,845	0
<i>Total Revenues</i>	<u>18,668,183</u>	<u>19,152,817</u>	<u>19,152,767</u>	<u>(50)</u>
Expenditures				
Current:				
Instruction:				
Regular	9,815,551	9,485,797	9,485,797	0
Special	2,176,273	2,277,999	2,277,999	0
Vocational	200,617	279,871	279,871	0
Student Intervention Services	175,308	113,751	113,751	0
Support Services:				
Pupils	708,858	663,786	663,786	0
Instructional Staff	354,956	345,624	345,624	0
Board of Education	15,608	15,804	15,804	0
Administration	1,572,505	1,589,087	1,589,087	0
Fiscal	432,970	427,350	427,350	0
Operation and Maintenance of Plant	1,722,236	1,717,606	1,717,606	0
Pupil Transportation	1,018,898	1,081,128	1,081,128	0
Central	234,984	239,933	239,933	0
Extracurricular Activities	219,988	225,056	225,056	0
Operation of Non-Instructional Services	1,301	91	91	0
Capital Outlay	4,025	4,025	4,025	0
<i>Total Expenditures</i>	<u>18,654,078</u>	<u>18,466,908</u>	<u>18,466,908</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	<u>14,105</u>	<u>685,909</u>	<u>685,859</u>	<u>(50)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	7,127	7,127	0
Advances Out	0	(79,926)	(79,926)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(72,799)</u>	<u>(72,799)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	14,105	613,110	613,060	(50)
<i>Fund Balance Beginning of Year</i>	73,034	73,034	73,034	0
Prior Year Encumbrances Appropriated	86,393	86,393	86,393	0
<i>Fund Balance End of Year</i>	<u>\$173,532</u>	<u>\$772,537</u>	<u>\$772,487</u>	<u>(\$50)</u>

See accompanying notes to the basic financial statements

Indian Creek Local School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2014

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$44,582	\$51,950
Liabilities		
Due to Students	0	\$51,950
Net Position		
Held in Trust for Scholarships	\$44,582	

See accompanying notes to the basic financial statements

Indian Creek Local School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2014

	Scholarship
Additions	
Interest	\$286
Contributions and Donations	12,160
<i>Total Additions</i>	12,446
Deductions	
College Scholarships Awarded	3,000
<i>Change in Net Position</i>	9,446
<i>Net Position Beginning of Year</i>	35,136
<i>Net Position End of Year</i>	\$44,582

See accompanying notes to the basic financial statements

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Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 1 – Description of the School District and Reporting Entity

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

The School District was established in 1966 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 75 square miles. It is located in Jefferson County, and includes all of the Village of Wintersville, the Village of Mingo Junction, the Village of Bloomingdale, and Cross Creek Township and portions of the City of Steubenville, Island Creek, Salem, Wayne and Steubenville Townships. It is staffed by 97 non-certified personnel, 129 certified teaching personnel and 11 administrative employees to provide services to 2,314 students and other community members. The School District operates four instructional buildings, one administrative building and two bus garages.

Reporting Entity

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

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

The School District is associated with two jointly governed organizations, one insurance purchasing pool and one risk sharing pool. These organizations are the Ohio Mid-Eastern Regional Education Service Agency, Jefferson County Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Rating Program, and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 19 and 20 of the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District however, has no business-type activities.

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

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

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

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

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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

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

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

Measurement Focus

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

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

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

Basis of Accounting

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

Indian Creek Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

Indian Creek Local School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

Budgetary Data

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

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

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

Cash and Cash Equivalents

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

During fiscal year 2014, investments were limited to STAR Ohio. Investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for on June 30, 2014.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$1,441, of which \$818 was assigned from other School District funds.

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

Indian Creek Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Inventory

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the capital asset to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

Bond Premiums and Discounts

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

Interfund Balances

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

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services and extracurricular activities.

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

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education, delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2015’s budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 3 – Fund Balances

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<i>Nonspendable</i>				
Materials and Supplies Inventory	\$67,021	\$0	\$3,271	\$70,292
<i>Restricted for</i>				
Food Service Operations	0	0	143,579	143,579
Athletics	0	0	142,494	142,494
Community Involvement	0	0	11,920	11,920
Classroom Facilities Maintenance	0	0	849,518	849,518
Teacher Development	0	0	2,000	2,000
Instructional Services	0	0	470	470
Debt Service Payments	0	670,012	0	670,012
Capital Improvements	0	0	546,593	546,593
Other Purposes	0	0	661	661
<i>Total Restricted</i>	0	670,012	1,697,235	2,367,247
<i>Committed to</i>				
Jefferson County	8,191	0	0	8,191
Youngstown Hearing Interpreting Services	5,050	0	0	5,050
<i>Total Committed</i>	13,241	0	0	13,241
<i>Assigned to</i>				
Fiscal Year 2015 Operations	4,895	0	0	4,895
Purchases on Order	115,012	0	0	115,012
<i>Total Assigned</i>	119,907	0	0	119,907
<i>Unassigned (Deficit)</i>	0	0	(402,640)	(402,640)
<i>Total Fund Balances</i>	\$200,169	\$670,012	\$1,297,866	\$2,168,047

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 4 – Accountability

Fund balances at June 30, 2014, included the following individual fund deficits:

<i>Special Revenue Funds:</i>	
Public School Preschool	\$4,640
Title VI-B	9,816
Title I	27,323
Preschool	7,618
Reducing Class Size	7,065
Permanent Improvement Capital Projects Fund	346,178

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

Note 5 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Budgetary revenues and expenditures of the uniform school supplies and the public school support funds are classified to the general fund for GAAP reporting purposes.
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
4. Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Net Change in Fund Balance	
GAAP Basis	\$1,014,310
Net Adjustment for Revenue Accruals	(20,903)
Perspective Difference:	
Uniform School Supplies	12,756
Public School Support	(8,281)
Net Adjustment for Expenditure Accruals	(140,797)
Advances Out	(79,926)
Adjustment for Encumbrances	(164,099)
Budget Basis	\$613,060

Note 6 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$3,270,244 of the School District's bank balance of \$3,804,189 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

As of June 30, 2014, the School District had \$5 invested with STAR Ohio with an average maturity of 51.4 days.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 7 – Receivables

Receivables at June 30, 2014, consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of federal funds. All receivables, except for property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Title I Grant	\$180,732
Title VI-B Grant	159,698
Public School Preschool Grant	30,715
Reducing Class Size Grant	29,035
3rd Grade Reading Grant	<u>2,686</u>
Total	<u>\$402,866</u>

Note 8 – Property Taxes

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 become a lien December 31, 2012, were levied after April 1, 2013, and are collected in calendar year 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Jefferson County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2014, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

advance at June 30 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2014, was \$822,262 in the general fund, \$18,935 in the classroom facilities special revenue fund, \$99,841 in the bond retirement debt service fund and \$28,403 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2013, was \$779,099 in the general fund, \$17,942 in the classroom facilities special revenue fund, \$94,903 in the bond retirement debt service fund and \$26,912 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$313,389,765	95.38 %	\$315,490,990	95.05 %
Public Utility Personal	15,176,710	4.62	16,427,503	4.95
Total	\$328,566,475	100.00 %	\$331,918,493	100.00 %
Tax rate per \$1,000 of assessed valuation	\$42.65		\$42.65	

Note 9 – Interfund Balances

Interfund Payable	Interfund Receivable General
<i>Other Governmental Funds:</i>	
Public School Preschool	\$288
Miscellaneous State Grants	2,686
Title VI-B	42,990
Title I	32,989
Reducing Class Size	973
Total	\$79,926

Interfund receivables and payables at June 30, 2014, are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid. These loans are expected to be repaid in one year.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

Governmental Activities	Balance 06/30/13	Additions	Deductions	Balance 06/30/14
<i>Capital Assets not being Depreciated:</i>				
Land	\$87,783	\$0	(\$2,905)	\$84,878
<i>Capital Assets being Depreciated:</i>				
Land Improvements	2,740,663	6,904	(55,082)	2,692,485
Buildings and Improvements	23,576,571	10,898	(763,356)	22,824,113
Furniture and Equipment	1,936,146	118,670	(72,597)	1,982,219
Vehicles	1,968,344	0	(32,530)	1,935,814
<i>Total Capital Assets being Depreciated</i>	<u>30,221,724</u>	<u>136,472</u>	<u>(923,565)</u>	<u>29,434,631</u>
Less Accumulated Depreciation:				
Land Improvements	(1,493,163)	(106,118)	43,304	(1,555,977)
Buildings and Improvements	(5,227,218)	(626,493)	537,761	(5,315,950)
Furniture and Equipment	(786,214)	(88,192)	71,186	(803,220)
Vehicles	(1,502,484)	(92,857)	32,530	(1,562,811)
<i>Total Accumulated Depreciation</i>	<u>(9,009,079)</u>	<u>(913,660) *</u>	<u>684,781</u>	<u>(9,237,958)</u>
<i>Total Assets being Depreciated, Net</i>	<u>21,212,645</u>	<u>(777,188)</u>	<u>(238,784)</u>	<u>20,196,673</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$21,300,428</u>	<u>(\$777,188)</u>	<u>(\$241,689)</u>	<u>\$20,281,551</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$682,289
Special	777
Vocational	1,638
Support Services:	
Pupils	685
Instructional Staff	1,431
Administration	35,517
Operation and Maintenance of Plant	71,664
Pupil Transportation	86,912
Central	286
Operation of Food Service	9,372
Extracurricular Activities	23,089
Total Depreciation Expense	<u>\$913,660</u>

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 11 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for various types of insurance. Coverage is as follows:

Coverage	Amount
Property	\$64,428,649
Earth movement limit (\$50,000 Deductible)	2,000,000
Flood limit (\$50,000 Deductible)	2,000,000
Equipment Breakdown	50,000,000
Crime Coverage (\$0 Deductible)	100,000
Excess Crime Coverage	1,000,000
General Liability	15,000,000
Employee benefits liability	15,000,000
Employee stop gap liability	15,000,000
General annual aggregate	17,000,000
Fire legal liability	500,000
Medical payments - occurrence	10,000
Aggregate limit	25,000
Educator's Legal Liability	15,000,000
Automobile Liability	
Bodily injury & property damage - per occurrence	15,000,000
Medical payments - occurrence	10,000
Aggregate limit	25,000
Uninsured/underinsured motorist - per occurrence	1,000,000
Automobile physical damage (\$0 Deductible)	Actual Cash Value
Garage keepers physical damage (\$250,000 max)	Actual Cash Value

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

Worker's Compensation

For fiscal year 2014, the School District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 12 – Defined Benefit Pension Plans

School Employee Retirement System

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board acting with the advices of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contributions rate is allocated to the Health Care and Medicare B funds. The School District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$251,739, \$275,739, and \$285,454, respectively. For fiscal year 2014, 99.13 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

State Teachers Retirement System

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

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

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the combined plan were \$861,429 and \$8,678 for the fiscal year ended June 30, 2014, \$907,834 and \$4,848 for the fiscal year ended June 30, 2013, and \$957,749 and \$4,383 for the fiscal year ended June 30, 2012. For fiscal year 2014, 84.79 percent has been contributed for the DB plan and the Combined Plan, respectively, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2014 were \$28,900 made by the School District and \$22,707 made by the plan members. In addition, member contributions of \$6,818 were made for fiscal year 2014 for the defined contribution portion of the Combined Plan.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2014, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 13 – Postemployment Benefits

School Employee Retirement System

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

Indian Creek Local School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$35,130 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$2,690, \$3,368, and \$12,362, respectively. For fiscal year 2014, 99.13 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012, were \$14,605, \$15,576, and \$16,858, respectively. For fiscal year 2014, 99.13 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$66,264, \$69,833, and \$73,673, respectively. For fiscal year 2014, 84.79 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 14 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to thirty days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Any employee receiving retirement severance pay is entitled to a dollar amount equivalent to thirty-five percent of all accumulated sick leave credited to that employee up to 40 days for certified and 40 days for classified employees. Classified employees can receive payment for up to an additional 22 days for every day over an accumulated 200 days.

Insurance

The School District provides health insurance benefits with Medical Mutual of Ohio, dental insurance benefits with Guardian and vision insurance benefits with Superior Vision. Total costs for family coverage is \$1,692.12, \$68.54 and \$11.90 for medical, dental and vision, respectively. Total costs for single coverage is \$838.92, \$23.10 and \$4.71 for medical, dental and vision, respectively. For part of fiscal year 2014, all employees paid 5 percent of the premium for single coverage and 7 percent of the premium for family coverage for medical benefits. In February of 2014, certified and administrative employees began paying 6 percent of the premium for both single and family coverage for medical benefits. The School District pays 100 percent of dental and vision coverage.

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

Note 15 – Capital Leases

The School District has existing leases for two school buses and five copiers. The lease obligation meets the criteria of a capital lease. The original amounts capitalized for the capital leases and the book value as of June 30, 2014, are as follows:

	<u>Amounts</u>
Furniture and Equipment	\$61,679
Vehicles	<u>174,216</u>
Total Assets	235,895
Less: Accumulated depreciation	<u>(57,381)</u>
Current Book Value	<u><u>\$178,514</u></u>

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2014.

Fiscal Year Ending June 30,	Governmental Activities
2015	\$56,470
2016	56,470
2017	11,392
Total Minimum Lease Payments	124,332
Less: Amount Representing Interest	(7,762)
Present Value of Net Minimum Lease Payments	\$116,570

Note 16 – Notes Payable

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

	Principal Outstanding 6/30/2013	Additions	Deductions	Principal Outstanding 6/30/2014
Permanent Improvement Fund 2009 4.98 % Tax Anticipation Notes	\$607,214	\$0	\$95,083	\$512,131

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

	Principal	Interest	Total
2015	\$97,451	\$23,078	\$120,529
2016	99,877	18,164	118,041
2017	102,364	13,128	115,492
2018	104,913	7,966	112,879
2019	107,526	2,678	110,204
Total	\$512,131	\$65,014	\$577,145

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 17 – Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Fiscal Year of Maturity
2009 School Facilities Construction Bonds:			
Capital Interest Serial Bonds	2.50% to 3.50%	\$2,285,000	2020
Capital Appreciation Bonds	33.63%	44,999	2018
Current Issue Term Bonds	4.37% to 5.12%	9,270,000	2037
2013 School Facilities Hardship Loan	0.00%	656,591	2018
Energy Conservation Bonds - 2002	4.97%	984,816	2017

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

	Principal Outstanding 6/30/13	Additions	Deductions	Principal Outstanding 6/30/14	Amounts Due in One Year
Governmental Activities					
<i>General Obligation Bonds:</i>					
School Facilities Bonds					
Serial Bonds	\$1,355,000	\$0	\$245,000	\$1,110,000	\$250,000
Capital Appreciation Bonds	44,999	0	0	44,999	0
Accretion	121,781	60,774	0	182,555	0
Term Bonds	9,270,000	0	0	9,270,000	0
Premium on Bonds	347,908	0	15,126	332,782	0
Discount on Bonds	(165,941)	0	(7,215)	(158,726)	0
<i>Total School Facilities Bonds</i>	10,973,747	60,774	252,911	10,781,610	250,000
School Facilities Hardship Loan	656,591	0	131,318	525,273	131,318
Energy Conservation Bonds	305,297	0	81,944	223,353	86,066
<i>Total General Obligation Bonds</i>	11,935,635	60,774	466,173	11,530,236	467,384
<i>Other Long Term Obligations</i>					
Capital Leases	165,963	0	49,393	116,570	51,574
Compensated Absences	1,326,082	75,712	224,020	1,177,774	64,644
<i>Total General Long-Term Obligations</i>	<u>\$13,427,680</u>	<u>\$136,486</u>	<u>\$739,586</u>	<u>\$12,824,580</u>	<u>\$583,602</u>

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

Indian Creek Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

On October 18, 2012, the School District received a school facilities hardship loan in the amount of \$656,591 for the purpose of demolition of the old school building and further improvements. The loan is interest free over six years. The bonds will be retired from the bond retirement debt service fund. The School District had \$348,065 in unspent proceeds as of June 30, 2014.

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

The serial, capital appreciation and current issue term bonds remained outstanding at June 30, 2014. The capital appreciation bonds were originally sold at a discount of \$525,001, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2017 and 2018.

The maturity amount of outstanding capital appreciation bonds at June 30, 2014, is \$570,000. The accretion recorded for fiscal year 2014 was \$60,774, for a total outstanding bond liability of \$227,554 at June 30, 2014.

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

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

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

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The School District's overall legal debt margin was \$19,592,404 with an unvoted debt margin of \$331,918 at June 30, 2014. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2014, are as follows:

Fiscal Year	General Obligation Bonds					
	Serial		Capital Appreciation		Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$250,000	\$32,194	\$0	\$0	\$0	\$447,844
2016	260,000	24,544	0	0	0	447,844
2017	0	20,644	25,969	259,031	0	447,844
2018	0	20,644	19,030	265,970	0	447,844
2019	285,000	15,834	0	0	0	447,844
2020-2024	315,000	5,512	0	0	1,430,000	2,119,125
2025-2029	0	0	0	0	2,335,000	1,669,972
2030-2034	0	0	0	0	3,130,000	1,012,431
2035-2037	0	0	0	0	2,375,000	185,950
Total	\$1,110,000	\$119,372	\$44,999	\$525,001	\$9,270,000	\$7,226,698

Fiscal Year	School Facilities		
	Hardship Loan	Energy Conservation Bond	
	Principal	Principal	Interest
2015	\$131,318	\$86,066	\$10,044
2016	131,318	90,397	5,714
2017	131,318	46,890	1,165
2018	131,319	0	0
Total	\$525,273	\$223,353	\$16,923

Note 18 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

Litigation

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

Indian Creek Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Note 19 – Jointly Governed Organizations

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) The Ohio Mid-Eastern Regional Educational Service Agency was created as a regional council of governments pursuant to State Statutes. OME-RESA has twelve participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school district's elected boards, plus a joint vocational service representative, the fiscal agent superintendent and a treasurer, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. OME-RESA provides financial accounting services, educational management information, internet access and cooperative purchasing services to member districts. The School District participates in the natural gas sales service program. This program allows schools to purchase natural gas at reduced rates. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage and any necessary adjustments are made. During fiscal year 2014, the School District no longer paid OME-RESA directly for the gas purchases, but instead paid the gas vendor. The School District paid OME-RESA \$69,718 for financial accounting services, educational management information, internet access, student services systems, and automated notification systems for fiscal year 2014. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2230 Sunset Blvd., Suite 2, Steubenville, Ohio 43952.

Jefferson County Joint Vocational School The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2014, the School District made no contributions to the Vocational School District. To obtain financial information write to the Jefferson County Joint Vocational School, Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910.

Note 20 – Public Entity Pools

Insurance Purchasing Pool

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

Shared Risk Pool

Schools of Ohio Risk Sharing Authority The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing pool with over 113 members. SORSA is a 100 percent member-owned, non-profit insurance risk pool owned and governed by the school district members. SORSA is governed by a Board of Directors composed of representatives of school districts that participate in the program.

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Note 21 – Set-Asides

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

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

	Capital Improvement
Set-aside Balance as of June 30, 2013	\$0
Current Year Set-aside Requirement	366,384
Offsets During the Fiscal Year:	
Permanent Improvement Levy Proceeds	(249,862)
Ohio School Facilities Commission principal and interest	(732,463)
Qualifying Disbursements	(81,557)
Totals	(\$697,498)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Balance as of June 30, 2014	\$0

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

Indian Creek Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 22 – Significant Commitments

Contractual Commitments

At June 30, 2014, the School District’s significant contractual commitments consisted of the following:

Company	Contract Amount	Amount Paid	Remaining on Contract
Colaianni Construction, Inc.	\$8,437,432	\$8,164,028	\$273,404
MKC Associates, Incorporated	950,917	949,516	1,401
Bowman Foreman	871,942	840,300	31,642
Total	<u>\$10,260,291</u>	<u>\$9,953,844</u>	<u>\$306,447</u>

Encumbrances

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

General	\$164,099
Other Governmental Funds	<u>144,468</u>
Total Governmental	<u><u>\$308,567</u></u>

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INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
Non-Cash Assistance (Food Distribution):		10.555	\$43,940	\$43,940
Cash Assistance:				
National School Breakfast Program	05-PU-14	10.553	129,812	129,812
National School Lunch Program	04-PU-13	10.555	432,250	432,250
Cash Assistance Subtotal			<u>562,062</u>	<u>562,062</u>
Total U.S. Department of Agriculture - Nutrition Cluster (Cash and Non-cash)			<u>606,002</u>	<u>606,002</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States (IDEA Part B)	6B-SF-13 6B-SF-14	84.027	99,949 370,327	63,954 410,306
Dyslexia Pilot Project Grant			40,000	40,000
Total Special Education Grants to States			<u>510,276</u>	<u>514,260</u>
Special Education - Preschool Grants	PG-S1-14	84.173	22,844	22,844
Total Special Education - Preschool Grants			<u>22,844</u>	<u>22,844</u>
Total Special Education Cluster			<u>533,120</u>	<u>537,104</u>
Title II A - Improving Teacher Quality	TRS1-2013 TRS1-2014	84.367	11,671 131,084	11,348 132,136
Total Title II A - Improving Teacher Quality			<u>142,755</u>	<u>143,484</u>
Ohio Performance Assessment Pilot	RTTTC-OPAPPC 4.5	84.395	31,662	31,662
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-13 C1-S1-14	84.010	161,039 438,288	159,981 449,075
Title I School Improvement			6,000	0
Total Grants to Local Educational Agencies (ESEA Title I)			<u>605,327</u>	<u>609,056</u>
Ohio Historical Society Congress	FY 2008	84.215	0	349
Total U.S. Department of Education			<u>1,312,864</u>	<u>1,321,655</u>
Total Federal Awards			<u>\$1,918,866</u>	<u>\$1,927,657</u>

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

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO FEDERAL AWARDS RECEIPTS
AND EXPENDITURES SCHEDULE
JUNE 30, 2014**

A. SIGNIFICANT ACCOUNTING POLICIES

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

B. CHILD NUTRITION CLUSTER

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

C. FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective programs 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 Creek Local School District
Jefferson County
587 Bantam Ridge Road
Wintersville, Ohio 43953

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Creek Local School District, Jefferson County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 2, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

March 2, 2015



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for The Major Federal Program

We have audited the Indian Creek Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Indian Creek Local School District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Indian Creek Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affects its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

March 2, 2015

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster CFDA # 84.027, #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3.FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

INDIAN CREEK LOCAL SCHOOL DISTRICT

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 24, 2015**