



Mary Taylor, CPA  
Auditor of State



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian Lake Local School District, Logan County (the District), as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian Lake Local School District, Logan County, as June 30, 2010, and the respective changes in modified cash financial position and the respective budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's discussion and analysis and the respective budgetary comparison for the General fund is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

**Mary Taylor, CPA**  
Auditor of State

October 20, 2010

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

The management's discussion and analysis of the Indian Lake Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010, within the limitations of the District's modified cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the modified cash basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2010 are as follows:

- The total net cash assets of the District decreased \$4,913,073 or 37.42% from fiscal year 2009. The large decrease is due to cash disbursements related to the District's construction project.
- General cash receipts accounted for \$18,250,589 or 84.37% of total governmental activities cash receipts. Program specific cash receipts accounted for \$3,381,330 or 15.63% of total governmental activities cash receipts.
- The District had \$26,544,992 in cash disbursements related to governmental activities; \$3,381,330 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts of \$18,250,589 were not sufficient to cover the remaining cash disbursements of \$23,163,662.
- The District's major funds are the General Fund, the Bond Retirement Fund, the Building Fund and the Permanent Improvement Fund. The General Fund, the District's largest major fund, had cash receipts and other financing sources of \$16,599,591 in 2010. The cash disbursements and other financing uses of the general fund, totaled \$16,288,139 in 2010. The General Fund's cash balance increased \$311,452 from 2009 to 2010.
- The Bond Retirement Fund, a major fund, had cash receipts and other financing sources of \$2,367,128 in 2010. The Bond Retirement Fund had cash disbursements of \$2,397,111 in 2010. The Bond Retirement Fund cash balance decreased \$29,983 from 2009 to 2010.
- The Building Fund, a major fund, had cash receipts of \$52,499 in 2010. The Building Fund had cash disbursements of \$4,681,206 in 2010. The Building Fund cash balance decreased \$4,628,707 from 2009 to 2010.
- The Permanent Improvement Fund, a major fund, had cash receipts of \$100,335 in 2010. The Permanent Improvement Fund had cash disbursements of \$447,872 in 2010. The Permanent Improvement Fund cash balance decreased \$347,537 from 2009 to 2010.

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

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

The statement of net assets – modified cash basis and statement of activities – modified cash basis provide information about the activities of the whole District, presenting an aggregate view of the District's modified cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, there are four major governmental funds. The General Fund is the largest major fund.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

**Reporting the District as a Whole**

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

The statement of net assets – modified cash basis and the statement of activities – modified cash basis answer the question, “How did we do financially during 2010?” These statements include only net assets using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year’s receipts and disbursements if the cash is actually received or paid.

These two statements report the District’s net assets and changes in those assets on a modified cash basis. This change in net cash assets is important because it tells the reader that, for the District as a whole, the modified cash basis financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District’s property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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

In the statement of activities – Modified Cash Basis, the Governmental Activities include District’s programs and services including instruction, support services, operation of non-instructional services, food service operations, and extracurricular activities.

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

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

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’s most significant funds. The District’s major governmental funds are the General Fund, Bond Retirement Fund, Building Fund and Permanent Improvement Fund. The analysis of the District’s major governmental funds begins on page 9.



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

**Governmental Funds**

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer modified cash basis financial resources that can be readily spent to finance various District programs.

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

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

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary funds are a Private-Purpose Trust Fund and an Agency Fund. The fiduciary fund statements can be found on pages 18-19. Only the cash held at year end is reported for the Agency Fund on page 18.

**Notes to the Financial Statements**

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-43 of this report.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

**Government-Wide Financial Analysis**

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

The table below provides a summary of the District's net cash assets for 2010 and 2009.

<b>Change in Net Cash Assets</b>		
	<b>Governmental Activities 2010</b>	<b>Governmental Activities 2009</b>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 8,214,793	\$ 12,145,396
Investments		982,470
<b>Total Assets</b>	<b>8,214,793</b>	<b>13,127,866</b>
<b>Net Assets</b>		
Restricted	4,715,675	7,945,404
Unrestricted	3,499,118	5,182,462
<b>Total Net Assets</b>	<b>\$8,214,793</b>	<b>\$13,127,866</b>

The total net cash assets of the District decreased \$4,913,073, which represents a 37.42% decrease over fiscal year 2009.

The balance of government-wide unrestricted net cash assets of \$3,499,118 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash assets for fiscal year 2010 and 2009.

<b>Change in Net Cash Assets</b>		
	<b>Governmental Activities 2010</b>	<b>Governmental Activities 2009</b>
<b>Cash Receipts:</b>		
<b>Program Cash Receipts:</b>		
Charges for Services and Sales	\$1,459,748	\$ 1,300,530
Operating Grants and Contributions	1,921,582	1,759,105
Capital Grants and Contributions		21,877
<b>Total Program Cash Receipts</b>	<b>3,381,330</b>	<b>3,081,512</b>
<b>General Cash Receipts:</b>		
Property and Other Taxes	10,833,299	10,643,152
Unrestricted Grants	7,122,930	6,935,082
Sale of Notes		
Sale of Bonds		3,124,999
Premium on Debt		151,705
Investment Earnings	61,442	439,475
Miscellaneous	232,918	274,194
<b>Total General Cash Receipts</b>	<b>18,250,589</b>	<b>21,568,607</b>
<b>Total Cash Receipts</b>	<b>21,631,919</b>	<b>24,650,119</b>

(Continued)

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

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

	<b>Governmental Activities 2010</b>	<b>Governmental Activities 2009</b>
<b>Cash Disbursements:</b>		
<b>Current:</b>		
<b>Instruction:</b>		
Regular	7,581,509	7,384,346
Special	1,908,960	1,925,715
Vocational	254,602	321,753
Other	1,336,167	1,249,917
<b>Support Services:</b>		
Pupil	584,895	590,366
Instructional Staff	1,114,388	1,000,591
Board of Education	27,461	28,064
Administration	1,485,580	1,433,529
Fiscal	538,997	520,453
Operations and Maintenance	1,693,939	1,413,831
Pupil Transportation	1,138,656	1,043,043
Central	354,963	340,063
Operation of Non Instruction	40,082	34,932
Food Service Operations	796,112	797,628
Extracurricular	611,738	635,166
Facilities acquisition and construction	4,733,463	11,999,153
<b>Debt service:</b>		
Principal Retirement	879,540	4,265,000
Interest and Fiscal charges	1,463,910	1,213,946
Bond Issuance Costs		108,442
Total Cash Disbursements	<u>26,544,992</u>	<u>36,305,938</u>
Change in Net Cash Assets	(4,913,073)	(11,655,819)
Net Cash Assets at Beginning of Year	<u>13,127,866</u>	<u>24,783,685</u>
Net Cash Assets at End of Year	<u>\$8,214,793</u>	<u>\$13,127,866</u>

**Governmental Activities**

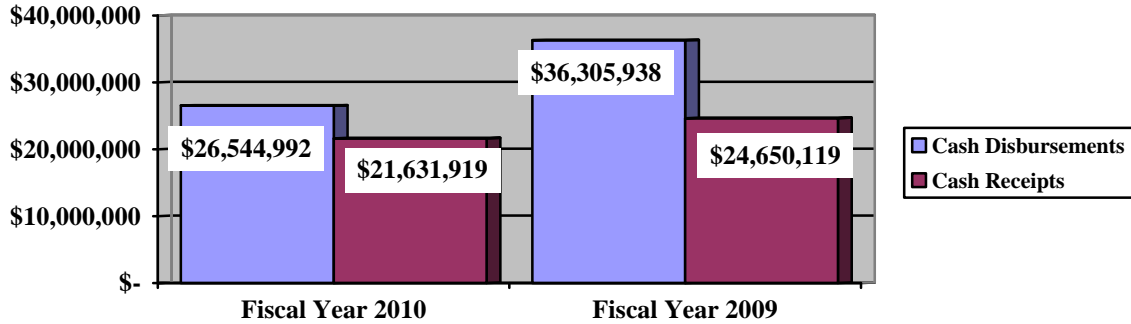
Governmental cash assets decreased by \$4,913,073 in 2010 from 2009. This significant decrease is due to facilities acquisition and construction expenditures for the District's construction project. Total governmental expenses of \$26,544,992 were offset by program revenues of \$3,381,330 and general revenues of \$18,250,589. Program revenues supported 12.74% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 83.01% of total governmental revenue. Real estate property is reappraised every six years.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

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



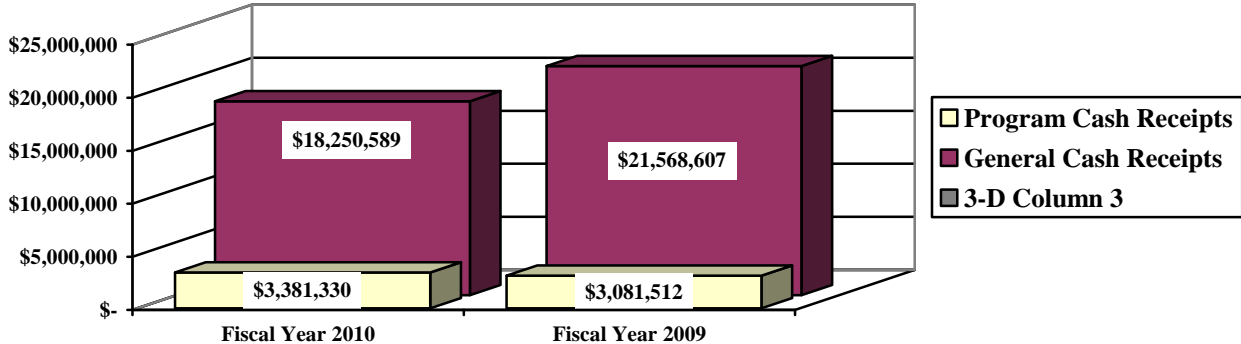
<b>Governmental Activities</b>				
	<b>Total Cost of Services 2010</b>	<b>Net Cost of Services 2010</b>	<b>Total Cost of Services 2009</b>	<b>Net Cost of Services 2009</b>
<b>Cash disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	\$ 7,581,509	\$ 6,336,229	\$ 7,384,346	\$ 6,559,985
Special	1,908,960	1,451,592	1,925,715	1,206,497
Vocational	254,602	254,602	321,753	293,427
Other	1,336,167	1,189,452	1,249,917	1,217,546
<b>Support Services:</b>				
Pupil	584,895	375,499	590,366	428,481
Instructional Staff	1,114,388	907,938	1,000,591	824,237
Board of Education	27,461	27,461	28,064	28,064
Administration	1,485,580	1,381,675	1,433,529	1,323,454
Fiscal	538,997	538,997	520,453	520,453
Operations and Maintenance	1,693,939	1,681,930	1,413,831	1,401,903
Pupil Transportation	1,138,656	1,138,656	1,043,043	1,016,785
Central	354,963	312,726	340,063	322,765
Operation of Non Instruction	40,082	40,082	34,932	34,932
Food Service Operations	796,112	2,512	797,628	47,782
Extracurricular	611,768	447,398	635,166	411,574
Facilities Acquisition and Construction	4,733,463	4,733,463	11,999,153	11,999,153
<b>Debt Service:</b>				
Principal Retirement	879,540	879,540	4,265,000	4,265,000
Interest and Fiscal Charges	1,463,910	1,463,910	1,213,946	1,213,946
Bond Issuance Costs			108,442	108,442
<b>Total</b>	<b>\$26,544,992</b>	<b>\$23,163,662</b>	<b>\$36,305,938</b>	<b>\$33,224,426</b>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

The dependence upon general cash receipts for governmental activities is apparent; with 87.26% and 91.51% of cash disbursements supported through taxes and other general cash receipts during 2010 and 2009, respectively.

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



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

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

**Governmental Funds**

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

The District's governmental funds reported a combined fund cash balance of \$8,214,793, which is \$4,913,073 less than last year's total of \$13,127,866. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2010 and June 30, 2009, for all major and nonmajor governmental funds.

	<b>Fund Cash Balance June 30, 2010</b>	<b>Fund Cash Balance June 30, 2009</b>	<b>Increase (Decrease)</b>
<b>Major funds:</b>			
General	\$ 3,499,208	\$ 3,187,756	\$ 311,452
Bond Retirement	1,030,106	1,060,089	(29,983)
Building	1,590,221	6,218,928	(4,628,707)
Permanent Improvement	1,481,545	1,829,082	(347,537)
Other Non-major Governmental Funds	613,713	832,011	(218,298)
<b>Total</b>	<b>\$ 8,214,793</b>	<b>\$13,127,866</b>	<b>(\$4,913,073)</b>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

**General Fund**

The General Fund, the District's largest major fund, had cash receipts and other financing sources of \$16,599,591 in 2010. The cash disbursements and other financing uses of the general fund, totaled \$16,288,139 in 2010. The General Fund's cash balance decreased \$311,452 from 2009 to 2010.

The table that follows assists in illustrating the cash receipts of the General Fund.

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Percentage Change</u>
<b>Cash receipts:</b>			
Taxes	\$8,791,665	\$8,613,338	2.07 %
Tuition	857,789	626,922	36.83 %
Earnings on Investments	5,855	55,719	(89.49) %
Classroom Materials and Fees	11,000	17,974	(38.80) %
Other Local Revenues	82,233	38,211	115.21 %
Intergovernmental - State	6,821,049	6,941,642	(1.74) %
Total	<u>\$16,569,591</u>	<u>\$16,293,806</u>	1.69 %

Investment income cash receipts decreased due to less funds invested in interest-bearing accounts and lower interest earnings on investments. Although the percentage increase of both classroom materials and fees and other local revenues was significant, the actual dollar amount of increase was not significant. All other revenue remained comparable to 2009.

The table that follows assists in illustrating the expenditures of the General Fund.

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Percentage Change</u>
<b>Cash Disbursements:</b>			
Instruction	\$9,765,046	\$9,982,200	(2.18) %
Support Services	5,934,550	5,733,404	3.51 %
Operation of Non-Instruction Services	35,176	34,932	0.70 %
Extracurricular	411,867	420,880	(2.14) %
Total	<u>\$16,146,639</u>	<u>\$16,171,416</u>	(0.15) %

Cash disbursements remained comparable to 2009. Overall, cash disbursements increased \$24,777 from 2009.

**Bond Retirement Fund**

The Bond Retirement Fund, a major fund had cash receipts of \$2,367,128 in 2010. The Bond Retirement Fund had cash disbursements of \$2,397,111 in 2010. The bond retirement fund cash balance decreased \$29,983 from 2009 to 2010.

**Building Fund**

The Building Fund, a major fund, had cash receipts of \$52,499 in 2010. The Building Fund had cash disbursements of \$4,681,206 in 2010. The Building Fund cash balance decreased \$4,628,707 from 2009 to 2010 as a result of expenditures in 2010 related to the construction of the new elementary building.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

**Permanent Improvement Fund**

The Permanent Improvement Fund, a major fund, had cash receipts of \$100,335 in 2010. The Permanent Improvement Fund had cash disbursements of \$447,872 in 2010. The Permanent Improvement Fund cash balance decreased \$347,537 from 2009 to 2010.

**Budgeting Highlights - General Fund**

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

For the General Fund, final budget basis receipts were \$897,278 above original budget estimates of \$15,703,489. Actual cash receipts of \$16,599,591 were less than final budget estimates by \$1,176. The final budgetary basis disbursements and other financing uses of \$16,783,688 were \$118,306 below original budget estimates. The actual budgetary basis disbursements and other financing uses of \$16,355,226 were \$428,462 less than the final budget estimates.

**Capital Assets and Debt Administration**

**Capital Assets**

The District does not record capital assets in the accompanying modified cash basis basic financial statements, but records payments for capital assets as disbursements. The District had facilities acquisition and construction disbursements of \$4,733,463 during fiscal year 2010.

**Debt Administration**

The District had the following long-term obligations outstanding at June 30, 2010 and 2009:

	<b>Governmental Activities 2010</b>	<b>Governmental Activities 2009</b>
2009 Construction and Improvement Bonds	\$ 3,080,000	\$ 3,080,000
2009 Capital Appreciation Bonds	44,999	44,999
2008 Advance Refunding Bonds	16,055,000	16,605,000
2008 Capital Appreciation Bonds	621,887	621,887
2005 Advance Refunding Bonds	6,385,000	6,510,000
2005 Capital Appreciation Bonds	419,990	419,990
1998 Capital Appreciation Bonds	149,613	149,613
1996 Capital Appreciation Bonds	775,337	979,877
Total long-term obligations	<u>\$27,531,826</u>	<u>\$28,411,366</u>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

**Current Financial Related Activities**

The challenge for all school districts is to provide a quality education with limited revenue growth. This is even more challenging for a rural district such as Indian Lake Local Schools. With mainly one industry, whose tangible personal property tax is being replaced with the HB 66 approved CAT tax that flows through the state, the District must rely on local taxes and state support even further for future revenue growth. The five-year forecast is predicting a deficit for fiscal year 2013; therefore the Finance Committee, along with the administration, is reviewing options to present to the Board to address that projected deficit. These options include but are not limited to and could be a combination of the following: placing a new emergency levy on the ballot, placing an income tax levy on the ballot, renewing the existing emergency levy by ballot approval, and reducing expenditures.

The District has been able to move from an academic watch district to an effective school district over the last seven years. This academic growth has been achieved by staff and administration dedication to improvement, an increase in professional development, and community support.

**Contacting the District's Financial Management**

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



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
JUNE 30, 2010**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$8,214,793
Total Assets	8,214,793
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Capital Projects	3,074,091
Debt Service	1,030,106
Locally Funded Programs	79,994
Federally Funded Programs	35,381
Public School Support	24,070
Student Activities	30,620
Other Purposes	441,413
Unrestricted	3,499,118
Total Net Assets	\$8,214,793

*See accompanying notes to the basic financial statements.*

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Revenue and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Total</u>
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$7,581,509	\$906,814	\$338,466	(\$6,336,229)
Special	1,908,960		457,368	(\$1,451,592)
Vocational	254,602			(\$254,602)
Other	1,336,167		146,715	(\$1,189,452)
<b>Support Services:</b>				
Pupil	584,895		209,396	(\$375,499)
Instructional Staff	1,114,388	2,222	204,228	(\$907,938)
Board of Education	27,461			(\$27,461)
Administration	1,485,580	2,206	101,699	(\$1,381,675)
Fiscal	538,997			(\$538,997)
Operations and Maintenance	1,693,939	7,184	4,825	(\$1,681,930)
Pupil Transportation	1,138,656			(\$1,138,656)
Central	354,963		42,237	(\$312,726)
Operation of Non-Instructional Services	40,082			(\$40,082)
Food Service Operations	796,112	376,952	416,648	(\$2,512)
Extracurricular	611,768	164,370		(\$447,398)
Facilities Acquisition and Construction	4,733,463			(\$4,733,463)
<b>Debt Service:</b>				
Principal Retirement	879,540			(\$879,540)
Interest and Fiscal Charges	1,463,910			(1,463,910)
<b>Total Governmental Activities</b>	<u><u>\$26,544,992</u></u>	<u><u>\$1,459,748</u></u>	<u><u>\$1,921,582</u></u>	<u><u>(23,163,662)</u></u>
<b>General Receipts:</b>				
<b>Property and Other Taxes Levied for:</b>				
				8,791,665
				2,041,634
				7,122,930
				61,442
				232,918
				<u>18,250,589</u>
				(4,913,073)
				<u>13,127,866</u>
				<u><u>\$8,214,793</u></u>

See accompanying notes to the basic financial statements.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<b>General</b>	<b>Bond Retirement</b>	<b>Permanent Improvement</b>	<b>Building</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>						
Equity in Pooled Cash and Cash	\$3,499,208	\$1,030,106	\$1,481,545	\$1,590,221	\$613,713	\$8,214,793
<b>Total Assets</b>	<b>3,499,208</b>	<b>1,030,106</b>	<b>1,481,545</b>	<b>1,590,221</b>	<b>613,713</b>	<b>8,214,793</b>
<b>Fund Balances:</b>						
Reserved for Encumbrances	67,087		42,446	182,660	68,474	360,667
Reserved for Debt Service		1,030,106				1,030,106
<b>Unreserved:</b>						
Designated for Capital Improvements			1,424,409			1,424,409
Designated for Termination Benefits					424,397	424,397
<b>Undesignated, Reported in:</b>						
General Fund	3,432,121					3,432,121
Special Revenue Funds					118,517	118,517
Capital Projects Funds			14,690	1,407,561	2,325	1,424,576
<b>Total Net Assets</b>	<b>3,499,208</b>	<b>1,030,106</b>	<b>1,481,545</b>	<b>1,590,221</b>	<b>613,713</b>	<b>8,214,793</b>

See accompanying notes to the basic financial statements.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash Receipts:</b>						
<b>From Local Sources:</b>						
Taxes	\$8,791,665	\$2,041,634				\$10,833,299
Tuition	857,789					857,789
Earnings on Investments	5,855		\$2,454	\$52,499	\$634	61,442
Charges for Services					375,988	375,988
Extracurricular					170,519	170,519
Classroom Materials and Fees	11,000				42,453	53,453
Other Local Revenues	82,233	23,613	97,881		35,938	239,665
Intergovernmental - State	6,821,049	301,881			20,785	7,143,715
Intergovernmental - Federal					1,896,049	1,896,049
<b>Total Cash Receipts</b>	<u>16,569,591</u>	<u>2,367,128</u>	<u>100,335</u>	<u>52,499</u>	<u>2,542,366</u>	<u>21,631,919</u>
<b>Cash Disbursements:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	6,926,845		13,893	64,284	576,487	7,581,509
Special	1,384,809				524,151	1,908,960
Vocational	254,602					254,602
Other	1,198,790				137,377	1,336,167
<b>Support services:</b>						
Pupil	375,815			440	208,640	584,895
Instructional Staff	872,615			9,147	232,626	1,114,388
Board of Education	27,461					27,461
Administration	1,370,771				114,809	1,485,580
Fiscal	485,336	53,661				538,997
Operations and Maintenance	1,502,132		143,996	3,234	44,577	1,693,939
Pupil Transportation	985,706		152,950			1,138,656
Central	314,714				40,249	354,963
Operation of Non-Instructional Services	35,176		1,307	3,599		40,082
Food Service Operations					796,112	796,112
Extracurricular	411,867		2,765		197,136	611,768
Facilities Acquisition and Construction			132,961	4,600,502		4,733,463
<b>Debt Service:</b>						
Principal Retirement		879,540				879,540
Interest and Fiscal Charges		1,463,910				1,463,910
<b>Total Cash Disbursements</b>	<u>16,146,639</u>	<u>2,397,111</u>	<u>447,872</u>	<u>4,681,206</u>	<u>2,872,164</u>	<u>26,544,992</u>
Receipts Over (Under) Disbursements	<u>422,952</u>	<u>(29,983)</u>	<u>(347,537)</u>	<u>(4,628,707)</u>	<u>(329,798)</u>	<u>(4,913,073)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In					111,800	111,800
Transfers Out	(111,500)				(300)	(111,800)
Advances In	30,000				30,000	60,000
Advances Out	(30,000)				(30,000)	(60,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(111,500)</u>				<u>111,500</u>	
Net Change in Fund Balances	311,452	(29,983)	(347,537)	(4,628,707)	(218,298)	(4,913,073)
Fund balances - Beginning of Year	<u>3,187,756</u>	<u>1,060,089</u>	<u>1,829,082</u>	<u>6,218,928</u>	<u>832,011</u>	<u>13,127,866</u>
Fund balances - End of Year	<u>\$3,499,208</u>	<u>\$1,030,106</u>	<u>\$1,481,545</u>	<u>\$1,590,221</u>	<u>\$613,713</u>	<u>\$8,214,793</u>

See accompanying notes to the basic financial statements.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts:</b>				
Taxes	\$8,235,575	\$8,791,503	\$8,791,665	\$162
Tuition	645,500	858,829	857,789	(1,040)
Earnings on Investments	42,871	10,871	5,855	(5,016)
Classroom Materials and Fees	14,700	14,700	11,000	(3,700)
Other Local Revenues	27,500	79,400	82,233	2,833
Intergovernmental - State	6,702,343	6,815,464	6,821,049	5,585
Total Receipts	<u>15,668,489</u>	<u>16,570,767</u>	<u>16,569,591</u>	<u>(1,176)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	7,220,956	7,088,612	6,927,206	161,406
Special	1,348,972	1,423,992	1,388,931	35,061
Vocational	275,984	267,484	254,602	12,882
Other	1,207,506	1,142,991	1,198,790	(55,799)
<b>Support services:</b>				
Pupil	437,899	411,131	375,815	35,316
Instructional Staff	815,598	838,488	872,715	(34,227)
Board of Education	29,700	30,545	27,461	3,084
Administration	1,445,107	1,455,666	1,378,559	77,107
Fiscal	495,552	519,852	498,905	20,947
Operations and Maintenance	1,546,906	1,570,097	1,538,200	31,897
Pupil Transportation	1,042,886	1,023,096	990,485	32,611
Central	371,644	332,395	315,014	17,381
Operation of Non-Instructional Services	39,576	39,586	35,176	4,410
Extracurricular	447,708	448,753	411,867	36,886
Total Disbursements	<u>16,725,994</u>	<u>16,592,688</u>	<u>16,213,726</u>	<u>378,962</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(1,057,505)	(21,921)	355,865	377,786
<b>Other Financing Sources (Uses):</b>				
Transfers (Out)	(141,000)	(161,000)	(111,500)	49,500
Advances In	35,000	30,000	30,000	
Advances (Out)	(35,000)	(30,000)	(30,000)	
Total Other Financing Sources (Uses)	<u>(141,000)</u>	<u>(161,000)</u>	<u>(111,500)</u>	<u>49,500</u>
Net Change in Fund Balance	(1,198,505)	(182,921)	244,365	427,286
Fund Balance at Beginning of Year	3,121,745	3,121,745	3,121,745	
Prior Year Encumbrances Appropriated	66,011	66,011	66,011	
Fund Balance at End of Year	<u>\$1,989,251</u>	<u>\$3,004,835</u>	<u>\$3,432,121</u>	<u>\$427,286</u>

See accompanying notes to the basic financial statements.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$13,669	\$111,168
Investments	100,000	
Total Assets	<u>113,669</u>	<u>111,168</u>
 <b>Liabilities:</b>		
Held for Student Activities		<u>\$111,168</u>
 <b>Net Assets:</b>		
Held in Trust for Scholarships	113,669	
Total Net Cash Assets	<u>\$113,669</u>	

*See accompanying notes to the basic financial statements.*

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Interest	\$763
Gifts and Contributions	100,840
Total Additions	<u>101,603</u>
<b>Deductions:</b>	
Scholarships Awarded	<u>2,423</u>
Change in Net Assets	99,180
Net Assets - Beginning of Year	<u>14,489</u>
Net Assets - End of Year	<u><u>\$113,669</u></u>

*See accompanying notes to the basic financial statements.*

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**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**1. DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District was established in 1962 through the consolidation of existing land areas and school districts. The District serves an area of approximately 110 square miles. It is located in Logan County, and includes all of the Village of Russells Point, Village of Lakeview, and Village of Huntsville. The District is staffed by 83 non-certificated employees, 137 certificated full-time teaching personnel, and 10 administrative employees. The District currently operates two elementary school buildings, one middle school building, and one comprehensive high school building, which includes the administrative offices, and one bus garage.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food services, and student related activities of the District.

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Jointly Governed Organizations**

**Western Ohio Computer Organization (WOCO)**

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

**Ohio Hi-Point Joint Vocational School**

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

**Metropolitan Educational Council**

The Metropolitan Education Council (MEC) is a purchasing cooperative made up of nearly 124 Districts in 22 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the MEC. The governing board of MEC consists of one voting representative from each member district. To obtain financial information, write to the Metropolitan Educational Council, Elmo Kallner, who serves as Director, 6100 Channingway Boulevard, Suite 604, Columbus, Ohio 43232.

**Educational Regional Service System Region 6**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Logan County Education Foundation**

The Logan County Education Foundation was established to secure and distribute contributions from individuals, corporations, and foundations for the benefit of students within the county. The Foundation promotes, sponsors, and encourages the pursuit of excellence in education for students. The Foundation is managed by a Board of Trustees composed of six trustees from each school district. These trustees are nominated by their local school boards including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District, and Riverside Local School District. The Executive Board is comprised of the Logan County Educational Service Center Superintendent representing the three local school districts and the Bellefontaine City School District Superintendent representing the city school district. Financial information can be obtained by contacting the Eric Adelsberger, who serves as Financial Advisor, 2626 County Road 18, Bellefontaine, Ohio 43311.

**2. Insurance Purchasing Pools**

**Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan**

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

**Logan County School Benefit Plan Association**

The District participates in the Logan County Schools Benefit Plan Association (the Plan); a public entity shared risk pool consisting of one educational service center, one joint vocational school district, and three local school districts. The District pays monthly premiums to the Plan for employee life insurance, and dental and medical benefits. The Plan is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Related Organization**

**Logan County District Library**

The Logan County District Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Judge of Common Pleas Court. The Board of Trustees possesses its own contracting and budgeting authority, hires and fire personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Logan County District Library, Clerk/Treasurer, at 220 North Main, Bellefontaine, Ohio 43311.

**B. Basis of Accounting**

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

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

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

**C. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

**1. Governmental Funds**

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

**General Fund**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Bond Retirement Fund**

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

**Building Fund**

The Building Fund is used to account for the receipts and expenditures related to all special bond funds in the District.

**Permanent Improvement Fund**

The Permanent Improvement Fund is used to account for financial resources to be used for the construction and improvement of school facilities as are authorized by Chapter 5705, Revised Code.

Other governmental funds of the District are used to account for (a) for grants and other resources whose use is restricted to a particular purpose; and (b) food service operations.

**2. Fiduciary Funds**

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

**D. Basis of Presentation**

**1. Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function.

Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the modified cash basis or draws from the general receipts of the District.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Fund Financial Statements**

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

**E. Budgets**

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

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

**1. Tax Budget**

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

**2. Estimated Resources**

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

Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer.

The amounts reported in the budgetary statement reflect the amounts in the original and final amended certificate issued during fiscal year 2010.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Appropriations**

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

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

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

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

**4. Encumbrances**

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

**5. Lapsing of Appropriations**

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

**F. Cash and Investments**

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

During fiscal year 2010, investments were limited to the State Treasury Asset Reserve (STAR Ohio), and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 Rue 2a7 of the Investment Company act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2010.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the General Fund. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$5,855, which includes \$1,436 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**G. Capital Assets**

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

**H. Unpaid Vacation and Sick Leave**

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

**I. Long-Term Obligations**

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

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

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

**K. Fund Cash Balance Reserves/Designations**

The District reserves those portions of fund cash balance which are legally segregated for a specific future use. Unreserved and undesignated fund cash balance indicates that portion of fund cash balance which is available for appropriation in future periods. Fund cash balance reserves have been established for encumbrances and debt service. Fund balances have been designated under Ohio Revised Code Section 5705.13(B) for severance payments and for capital improvements under Ohio Revised Code Section 5705.13(C).



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Net Cash Assets**

Net cash assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net cash assets are available. The District did not have any assets restricted by enabling legislation at June 30, 2010.

**M. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments.

**N. Interfund Activity**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements. Intrafund advances and transfers are eliminated in the statement of activities - modified cash basis.

**O. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

**3. ACCOUNTABILITY AND COMPLIANCE**

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

**4. DEPOSITS AND INVESTMENTS**

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

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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

**A. Cash on Hand**

At year-end, the District had \$225 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At June 30, 2010, the carrying amount of all District deposits was \$7,064,665. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$6,455,445 of the District's bank balance of \$7,455,445 was exposed to custodial risk as discussed below, while \$1,000,000 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

The District has no deposit policy for custodial 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 District or a qualified trustee by the financial institution as security for repayment, or be 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.

**C. Investments**

As of June 30, 2010, the District had the following investments and maturities:

<b>Investment Type</b>	<b>Balance at Carrying Value</b>	<b>Balance at Fair Value</b>	<b>6 Months or Less</b>	<b>7 to 12 Months</b>	<b>13 to 18 Months</b>	<b>19 to 24 Months</b>	<b>Greater Than 24 Months</b>
STAR Ohio	\$1,274,740	\$1,274,740	\$1,274,740				
FHLB	50,000	50,203					\$ 50,203
FNMA	50,000	50,235					50,203
	<u>\$1,374,740</u>	<u>\$1,375,178</u>	<u>\$1,274,740</u>				<u>\$100,406</u>

The weighted average maturity of investments is 0.35 years.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

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

**Credit Risk:** STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The District's investments in federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

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

**Concentration of Credit Risk:** The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Carrying Value</u>	<u>% to Total</u>
STAR Ohio	\$1,274,740	92.72
FHLB	50,000	3.64
FNMA	50,000	3.64
	<u>\$1,374,740</u>	<u>100.00</u>

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

The following is a reconciliation of cash as reported in the footnote above to cash as reported on the statement of net assets as of June 30, 2010:

<b><u>Cash per footnote</u></b>	
Carrying amount of deposits	\$7,064,665
Investments	1,374,740
Cash on hand	225
Total	<u>\$8,439,630</u>
 <b><u>Cash per statement of net assets</u></b>	
Governmental activities	\$8,214,793
Private - Purpose Trust Funds	113,669
Agency Funds	111,168
Total	<u>\$8,439,630</u>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**5. INTERFUND TRANSACTIONS**

- A.** Interfund transfers for the year ended June 30, 2010, consisted of \$111,500 from the General Fund to non-major governmental funds and \$300 between non-major governmental funds.

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

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

- B.** During the fiscal year, the General Fund made an advance to the Uniform School Supplies Fund for \$30,000. This advance was repaid during the fiscal year.

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

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date.

Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due September 11; if paid semi-annually, the first payment is due September 11 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien January 1, 2009, were levied after April 1, 2009 and are collected in 2010 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.

Tangible personal property tax revenue received during calendar 2010 (other than public utility property) represents the collection of 2010 taxes. Tangible personal property taxes received in calendar year 2010 were levied after April 1, 2009, on the value as of September 11, 2009. For 2010, tangible personal property is assessed at 6.25% for property including inventory. This percentage will be reduced to zero for 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**6. PROPERTY TAXES (Continued)**

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads.

The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2009-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Logan and Auglaize Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date tax bills are sent.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	<b>2009 Second Half Collections</b>		<b>2010 First Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/residential and other real estate	\$345,569,450	95.43	\$350,035,330	97.06
Public utility personal	10,080,110	2.78	10,100,420	2.80
Tangible personal property	6,497,970	1.79	497,970	.14
<b>Total</b>	<b>\$362,147,530</b>	<b>100.00</b>	<b>\$360,633,720</b>	<b>100.00</b>
Tax rate per \$1,000 of assessed valuation		\$50.85		\$50.85

**7. LONG-TERM OBLIGATIONS**

During fiscal year 2010, the following changes occurred in the District's long-term obligations:

	<b>Balance Outstanding 6/30/2009</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance Outstanding 6/30/2010</b>	<b>Amounts Due in One Year</b>
<b>Governmental Activities:</b>					
2009 Construction and Improvement	\$ 3,080,000			\$ 3,080,000	\$100,000
2009 Capital Appreciation Bonds	44,999			44,999	
2008 Advance Refunding Bonds	16,605,000		(\$ 550,000)	16,055,000	595,000
2008 Capital Appreciation Bonds	621,887			621,887	
2005 Advance Refunding Bonds	6,510,000		(125,000)	6,385,000	135,000
2005 Capital Appreciation Bonds	419,990			419,990	
1998 Capital Appreciation Bonds	149,613			149,613	
1996 Capital Appreciation Bonds	979,877		(204,540)	775,337	193,285
<b>Total Governmental Activities</b>	<b>\$28,411,366</b>		<b>(\$879,540)</b>	<b>\$27,531,826</b>	<b>\$1,023,285</b>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

**2009 School Facilities Construction Improvement and Refunding General Obligation Bonds -** On December 10, 2009, the District issued \$3,124,999 in voted general obligation bonds for construction and improvements to the school buildings, with an interest rate ranging from 3.00% - 5.25%. The bond issue included current interest serial bonds, current interest term bonds and capital appreciation serial bonds in the amount of \$3,080,000 and \$44,999, respectively. The bonds were issued for twenty-six year period with a final maturity at December 1, 2034. The bonds will be retired with a voted property tax levy from the bond retirement fund.

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

**2008 School Facilities Construction Improvement and Refunding General Obligation Bonds -** On March 14, 2008, the District issued \$18,001,887 in general obligation School Facilities Construction Improvement and refunding with an average interest rate of 4.00 percent for the purpose of advance refunding \$3,335,000 of the 1998 Construction and Improvement Bonds and issuing new bonds of \$14,666,887. The bonds were issued for a 27 year period with a final maturity at December 1, 2034. Proceeds of \$3,482,286 were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1988 series bonds. As a result, the 1998 series bonds are considered to be defeased.

The current interest term bonds maturing December 1, 2034, 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 redemption date, on December 1 in the years and in the respective principal amounts as follows:

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

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

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

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

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

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

**2005 Advance Refunding General Obligation Bonds** - On April 21, 2005, the District issued \$8,419,990 in general obligation advance refunding bonds with an approximate average interest rate of 3.65 percent for the purpose of advance refunding \$8,420,000 of the 1996 Construction and Improvement Bonds. The bond issue included \$8,000,000 of current issue serial bonds and \$420,000 of capital appreciation bonds. The bonds were issued for an eighteen-year period with a final maturity at December 1, 2022. The net proceeds of \$8,898,708 (after payment of \$128,083 issuance costs) were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1986 series bonds. As a result, the 1986 series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

Current interest bonds maturing after December 1, 2015, are subject to redemption at the option of the District, either in whole or in part, in such order as the District shall determine, on any payment date on or after June 1, 2015, at the redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

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

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

The capital appreciation serial bonds will mature in fiscal years 2014 through 2015. The maturity amounts of the bonds are \$770,000 and \$775,000 respectively, for a total maturity of \$1,545,000.

**1998 General Obligation Bonds** - On March 1, 1998, the District issued \$4,999,613 in voted general obligation bonds for construction and improvements to the school buildings. The bond issue included current interest serial, current interest term, and capital appreciation serial bonds in the amount of \$1,940,000, \$2,910,000 and \$149,613, respectively. On March 14, 2008 a portion of the current interest bonds were refunded leaving an outstanding balance of \$420,000. These bonds will mature December 1, 2010. The bonds will be retired with a voted property tax levy from the bond retirement fund.

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



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

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

The current interest bonds and all but \$660,000 of the current interest term bonds were paid with the 2005 advance refunding bonds. The remaining principal of the current interest term bonds will mature at the stated maturity on December 1, 2022.

The capital appreciation serial bonds will mature in years 2010 through 2013. The maturity amounts of the bonds are \$525,000, \$535,000, \$585,000, \$640,000, and \$640,000, respectively.

The District's total voted legal debt margin was \$5,030,958 with unvoted debt margin of \$360,136 at June 30, 2010. The District was approved as a special needs District by the Ohio Department of Education pursuant to Ohio Revised Code Section 133.06(E) based upon a future tax valuation of \$470,185,045, and total indebtedness (based upon projected valuation) of approximately 4%. The District exceeded the voted legal debt limitation by approximately \$25,170.44 during fiscal year 2010.

Pursuant to Ohio Revised Code 133.06, the Ohio Department of Education consented to allow the District to submit to the voters the question of issuing bonds in the amount of \$18,001,887 for constructing, furnishing and equipping a new elementary school building and refunding a portion of the 1998 Construction and Improvement bonds and \$3,124,999 for construction and improvements to the school buildings. The popular vote approved the \$18,001,887 and \$3,124,000 board issues for the new elementary building; refunding of old debt; and construction and improvements to the school buildings, which resulted in the District exceeding the debt limitation.

Principal and interest requirements to retire general obligation debt at June 30, 2010, are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	1,023,285	1,456,047	2,479,332
2012	856,992	1,689,583	2,546,575
2013	874,904	1,722,411	2,597,315
2014	875,894	1,715,937	2,591,831
2015	780,358	1,787,849	2,568,207
2016 – 2020	6,375,393	6,499,360	12,874,753
2021 – 2025	7,475,000	2,968,667	10,443,667
2026 – 2030	4,350,000	1,766,557	6,116,557
2031 – 2035	4,920,000	624,938	5,544,938
Total	<u>\$27,531,826</u>	<u>\$20,231,349</u>	<u>\$47,763,175</u>

**8. RISK MANAGEMENT**

**A. Property and Liability**

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

The District's comprehensive commercial insurance coverage for real property and building contents has a liability limit of \$74,324,208 a \$2,500 deductible, and a 100 percent coinsurance.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

The District's fleet insurance has a liability limit of \$1,000,000, \$5,000 for medical payments. The policy includes a \$500 deductible for comprehensive and collision coverage with all buses covered for cash value.

**B. Workers' Compensation**

For fiscal year 2010, the District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.2). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. The workers' compensation experience of the participating school district is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual performance is compared to the overall savings percentage of their tiered group.

Participation in the GRP is limited to the school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**C. Health Insurance**

The District participates in the Logan County Schools Benefit Plan Association (the Plan); a public entity share risk pool consisting of one joint vocational school, one educational service center and three local school districts. The District pays monthly premiums for employee life insurance and dental and medical benefits. The Plan is responsible for all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result to withdrawal.

**9. PENSION PLANS**

**A. School Employees Retirement System**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**9. PENSION PLANS (Continued)**

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board, up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The District's required contributions for pension obligation for the fiscal years ended June 30, 2010, 2009, and 2008, were \$293,625, \$206,387, and \$200,845 respectively; 46.31% has been contributed for fiscal year 2010 and 100% as been contributed for fiscal years 2009 and 2008.

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

**Plan Description** - The 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 43215-3371 or by calling (888) 227-7877 or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to 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 Chapter 3307 of the Ohio Revised Code.

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

**Funding Policy** - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**9. PENSION PLANS (Continued)**

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$1,056,799, \$1,059,302 and \$1,047,097, respectively; 84.12% has been contributed for fiscal year 2010 and 100% for fiscal years 2009 and 2008.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**10. POST-EMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

**Plan Description** – The District participates in two cost-sharing multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

**Funding Policy** – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**10. POST-EMPLOYMENT BENEFITS (Continued)**

Active employee members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$10,569, \$94,452, and \$91,652 respectively; 46.31 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$17,461, \$17,029, and \$14,471 respectively; 46.31 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. State Teachers Retirement System**

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

**Funding Policy** – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$81,292, \$81,485, and \$80,546 respectively; 84.12 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**11. CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**12. STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund cash receipt amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	<b>Textbooks</b>	<b>Capital Acquisition</b>
Set-aside balance as of June 30, 2009	(\$319,669)	(\$13,705,998)
Current year set-aside requirement	299,109	299,109
Qualifying disbursements	(211,576)	(4,974,927)
Total	(232,136)	(18,381,816)
Balance carried forward to FY 2010	(\$232,136)	(\$18,381,816)

The District had qualifying disbursements during the year that reduced the textbooks and capital acquisition set-aside amounts to below zero. The District may, and has chosen to carry forward the excess amount for the textbooks.

The District is currently in the process of constructing a new elementary school. The District may, and has chosen to carry forward the expenditures from the debt proceeds to construct this building to offset capital acquisition set-aside requirements in subsequent years. As a result, the District can carry forward \$18,381,816 of qualifying disbursements related to this project.

**13. BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash).

The encumbrances outstanding at year-end (budgetary basis) amounted to \$67,087 in the General Fund.

**14. CONTRACTUAL COMMITMENTS**

The District is currently involved in a construction projects which resulted in contractual commitments remaining at fiscal year-end. The District had the following contractual commitments outstanding as of June 30, 2010:

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**14. CONTRACTUAL COMMITMENTS (Continued)**

<u>Contractor</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Expended</u>	<u>Balance at 6/30/10</u>
Fanning & Howey Assoc.	Architect Services	\$ 188,832	(\$ 151,347)	\$ 37,485
Touchstone	Owner's Rep Construction Svc	22,810	(11,405)	11,405
Ferguson Construction Co.	General Contractor	1,679,951	(1,662,451)	17,500
GM Mechanical, Inc.	Plumbing & HVAC	227,201	(207,201)	20,000
CTL Engineering, Inc.	Geotechnical Consulting	26,722	(13,194)	13,528
Four Seasons Commissioning	MEP Commissioning Services	14,489	(14,486)	3
Lawhorn & Associates, Inc.	Maintenance Plan Advisor Svcs	4,185	(2,790)	1,395
Playcreations Equipment	Playground Equipments	119,203	(117,692)	1,511
Allied Environmental Services	Asbestos Abatement Consulting	22,425	(16,615)	5,810
Russ James Contracting	Demolition of Old Buildings	128,300	(123,189)	5,111
The Link Construction Group	Contractor	698,200	(659,512)	38,688
Total		<u>\$3,132,318</u>	<u>(\$2,979,882)</u>	<u>\$152,436</u>

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**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR Pass Through Grantor Program Title	Grant Year	Catalog of Federal Domestic Assistance Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
School Breakfast Program	2010	10.553	\$103,143		\$103,143	
Non-Cash Assistance (Food Distribution) School Breakfast Program		10.553		\$1,063		\$1,063
Total School Breakfast Program			<u>103,143</u>	<u>1,063</u>	<u>103,143</u>	<u>1,063</u>
National School Lunch Program	2010	10.555	\$303,720		\$303,720	
Non-Cash Assistance (Food Distribution) National School Lunch Program		10.555		\$34,356		\$34,356
Total National School Lunch Program			<u>303,720</u>	<u>34,356</u>	<u>303,720</u>	<u>34,356</u>
Total Child Nutrition Cluster - United States Department of Agriculture			<u>406,863</u>	<u>35,419</u>	<u>406,863</u>	<u>35,419</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Cluster						
Title 1 Grants to Local Educational Agencies	2009	84.010	67,890		71,788	
	2010		476,592		464,731	
Total Title 1 Grants to Local Educational Agencies			<u>544,482</u>		<u>536,519</u>	
ARRA Title 1 Grants to Local Educational Agencies, Recovery Act	2010	84.389	121,437		121,237	
Total Title 1 Cluster			<u>665,919</u>		<u>657,756</u>	
Special Education Grants to States						
	2009	84.027	8,712		37,469	
	2010		355,096		352,122	
Total Special Education Grants to States			<u>363,808</u>		<u>389,591</u>	
Safe and Drug Free Schools and Communities State Grants	2010	84.186	3,968		5,128	
Education Technology State Grants	2010	84.318	702		1,002	
Rural Education	2010	84.358	22,880		22,970	
Improving Teacher Quality State Grants	2009	84.367	20,196		20,760	
	2010		96,307		96,149	
Total Improving Teacher Quality State Grants			<u>116,503</u>		<u>116,909</u>	
ARRA - State Fiscal Stabilization Fund, Education State Grants - Recovery Act	2010	84.394	315,406		295,331	
Total Department of Education			<u>1,489,186</u>		<u>1,488,687</u>	
Total Federal Financial Assistance			<u>\$1,896,049</u>	<u>\$35,419</u>	<u>\$1,895,550</u>	<u>\$35,419</u>

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District’s federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the entitlement value of the commodities received.

**NOTE D – MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**NOTE E – TRANSFER OF FUNDS BETWEEN COST CENTERS**

The following transfers between fund cost centers were approved by the Ohio Department of Education.

<i>Grant and CFDA # / Fund, Cost Center</i>	<i>Transfer Out</i>	<i>Transfer In</i>
Safe and Drug Free Schools and Communities #84.186		
584-9009	(\$1,176)	
584-9010		\$1,176
Education Technology State Grants #84.318		
590-9009	(\$300)	
533-9010		\$300

**NOTE F – REALLOCATION OF FUNDS**

The Ohio Department of Education approved the reallocation of \$3,927 from the Safe and Drug Free Schools and Communities State Grants program to the State Grants for Innovative Programs project for fiscal year 2010 in the Comprehensive Continuous Improvement Plan.



# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Lake Local School District, Logan County (the District), as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 20, 2010, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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 more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

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

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

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

**Mary Taylor, CPA**  
Auditor of State

October 20, 2010



# Mary Taylor, CPA

## Auditor of State

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

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

To the Board of Education:

#### Compliance

We have audited the compliance of Indian Lake Local School District, Logan County (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Indian Lake Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2010.

#### Internal Control Over Compliance

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

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**Internal Control Over Compliance  
(Continued)**

*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 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.

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

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

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

**Mary Taylor, CPA**  
Auditor of State

October 20, 2010

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Special Education – Grants to States - CFDA #84.027, ARRA- State Fiscal Stabilization Fund, Education State Grants – CFDA #84.394, Title I Cluster - CFDA #84.010 and 84.389
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2010-001**

**Noncompliance Citation**

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

**Ohio Adm. Code Section 117-2-03(B)** requires the District to file annual financial reports which are prepared using generally accepted accounting principles. For fiscal year 2010, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The District should prepare its financial statements according to generally accepted accounting principles to provide any users with more complete financial information including assets, liabilities, and required disclosures.

**OFFICIALS' RESPONSE:**

In response to Finding Number 2010-001 Noncompliance Citation O.R.C. 117.38; the Indian Lake Board of Education understands that the Ohio Revised Code requires the District's financial statements to be prepared in accordance with GAAP; however, an exception has been implemented by the State Auditor for issuance of an unqualified opinion if GAAP look-alike financial statements have been prepared by the District. Due to cost of the conversion, increased audit cost, and cost of employee resources, the Board feels money that would otherwise be spent on conversion to GAAP is better used to educate the students of Indian Lake Local Schools. In addition, federal security laws do not require GAAP financial statements, and specifically, SEC Rule 15c2-12 relating to continuing disclosure on outstanding debt (which applies to the District) does not require GAAP financial statements.

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

None



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Ohio Rev. Code Section 117.38 & Ohio Admin. Code Section 117-2-03(B) – Failed to prepare financial statements in accordance with GAAP	No	Repeated as Finding Number 2010-001

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**Mary Taylor, CPA**  
Auditor of State

**INDIAN LOCAL SCHOOL DISTRICT**

**LOGAN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 9, 2010**