



Mary Taylor, CPA
Auditor of State

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

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 Indian Creek Local School District, Jefferson County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Creek Local School District, Jefferson County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

February 9, 2009

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

The management's discussion and analysis of the Indian Creek 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, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets of governmental activities decreased \$456,055 which represents a 7.80% decrease from 2007.
- General revenues accounted for \$15,516,307 in revenue or 71.36% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,228,315 or 28.64% of total revenues of \$21,744,622.
- The District had \$22,200,677 in expenses related to governmental activities; \$6,228,315 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$15,516,307 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$17,424,522 in revenues and other financing sources and \$18,198,110 in expenditures and other financing uses. During fiscal year 2008, the general fund's fund balance decreased \$766,920 from \$831,300 to \$64,380.

Using these Basic Financial Statements

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

The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and the only governmental fund reported as a major fund.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The statement of net assets and statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the 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, required educational programs and other factors.

In the statement of net assets and statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 9. 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 only major governmental fund is the general fund.

Governmental Funds

Most 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 an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term 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 financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Proprietary Funds

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for medical/surgical and dental self-insurance. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 23 and 24. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-53 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2008 and 2007.

	Net Assets	
	Governmental Activities 2008	Governmental Activities 2007
<u>Assets</u>		
Current and other assets	\$ 12,820,883	\$ 13,650,204
Capital assets, net	<u>4,054,050</u>	<u>3,843,948</u>
Total assets	<u>16,874,933</u>	<u>17,494,152</u>
<u>Liabilities</u>		
Current liabilities	9,413,280	9,616,335
Long-term liabilities	<u>2,072,217</u>	<u>2,032,326</u>
Total liabilities	<u>11,485,497</u>	<u>11,648,661</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	3,252,172	2,996,629
Restricted	432,972	329,917
Unrestricted	<u>1,704,292</u>	<u>2,518,945</u>
Total net assets	<u>\$ 5,389,436</u>	<u>\$ 5,845,491</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$5,389,436. Of this total, \$1,704,292 is unrestricted in use.

At year-end, capital assets represented 24.02% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$3,252,172. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

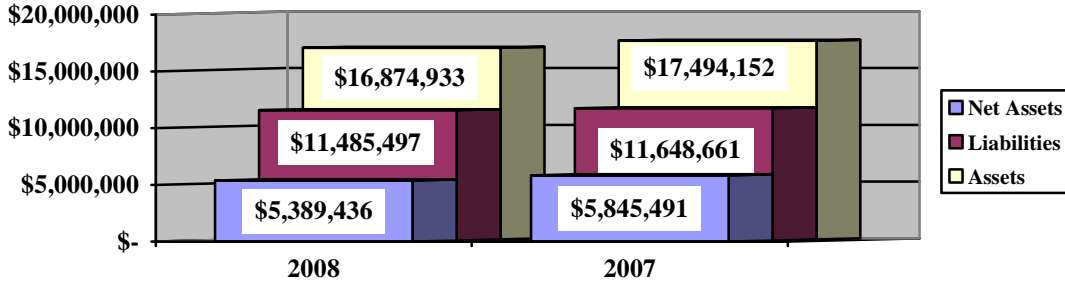
A portion of the District's net assets, \$432,972, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,704,292 may be used to meet the District's ongoing obligations to the students and creditors.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The graph below shows the District's assets, liabilities, and net assets at June 30, 2008 and 2007.

Governmental Activities



The table below shows the change in net assets for fiscal years 2008 and 2007.

Change in Net Assets

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,990,336	\$ 1,672,544
Operating grants and contributions	4,225,432	3,890,833
Capital grants and contributions	12,547	34,607
General revenues:		
Property taxes	7,832,823	8,051,699
Grants and entitlements	7,346,080	7,066,547
Investment earnings	203,964	227,125
Other	<u>133,440</u>	<u>79,636</u>
Total revenues	<u>21,744,622</u>	<u>21,022,991</u>

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

Change in Net Assets

	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 10,205,940	\$ 9,460,016
Special	2,557,411	2,331,544
Vocational	314,235	284,955
Adult education	2,357	5,785
Other	268,649	214,420
Support services:		
Pupil	888,639	797,554
Instructional staff	994,444	893,736
Board of education	12,609	12,375
Administration	1,531,789	1,513,130
Fiscal	430,643	413,388
Business	9,798	-
Operations and maintenance	2,230,308	1,982,775
Pupil transportation	1,106,794	1,013,542
Central	94,793	146,006
Food service operations	812,830	758,676
Operations of non-instructional services	102,427	95,391
Extracurricular activities	392,256	349,605
Intergovernmental	203,531	293,149
Interest and fiscal charges	<u>41,224</u>	<u>44,287</u>
Total expenses	<u>22,200,677</u>	<u>20,610,334</u>
Change in net assets	(456,055)	412,657
Net assets at beginning of year	<u>5,845,491</u>	<u>5,432,834</u>
Net assets at end of year	<u>\$ 5,389,436</u>	<u>\$ 5,845,491</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$456,055. Total governmental expenses of \$22,200,677 were offset by program revenues of \$6,228,315 and general revenues of \$15,516,307. Program revenues supported 28.05% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 69.81% of total governmental revenue.

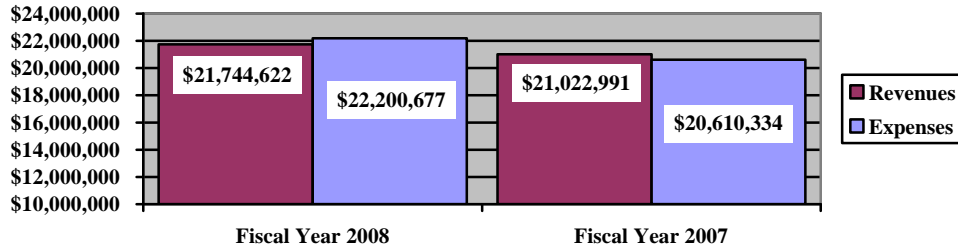
The largest expense of the District is for instructional programs. Instruction expenses totaled \$13,348,592 or 60.13% of total governmental expenses for fiscal year 2008.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2008 and 2007.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>
Program expenses				
Instruction:				
Regular	\$ 10,205,940	\$ 7,627,548	\$ 9,460,016	\$ 7,212,346
Special	2,557,411	1,343,192	2,331,544	1,319,868
Vocational	314,235	275,343	284,955	248,728
Adult education	2,357	37	5,785	(300)
Other	268,649	117,735	214,420	65,679
Support services:				
Pupil	888,639	680,454	797,554	652,973
Instructional staff	994,444	473,894	893,736	317,277
Board of education	12,609	12,609	12,375	12,375
Administration	1,531,789	1,422,075	1,513,130	1,390,622
Fiscal	430,643	430,643	413,388	413,388
Business	9,798	9,798	-	-
Operations and maintenance	2,230,308	2,230,258	1,982,775	1,981,660
Pupil transportation	1,106,794	1,072,727	1,013,542	970,492
Central	94,793	68,565	146,006	120,169
Food service operations	812,830	(35,440)	758,676	(18,293)
Operations of non-instructional services	102,427	13,119	95,391	8,265
Extracurricular activities	392,256	220,528	349,605	230,234
Intergovernmental	203,531	(31,947)	293,149	42,580
Interest and fiscal charges	41,224	41,224	44,287	44,287
Total expenses	<u>\$ 22,200,677</u>	<u>\$ 15,972,362</u>	<u>\$ 20,610,334</u>	<u>\$ 15,012,350</u>

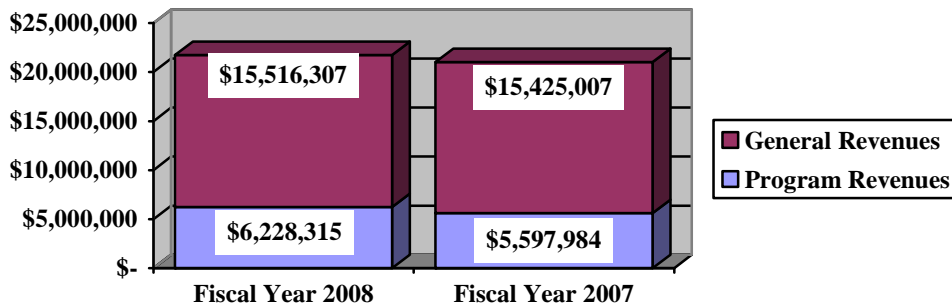
**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The dependence upon tax and other general revenues for governmental activities is apparent, 70.15% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 71.95%.

The graph below presents the District's governmental activities revenue for fiscal years 2008 and 2007.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$577,332, which is lower than last year's total of \$1,166,466. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance <u>June 30, 2008</u>	Fund Balance <u>June 30, 2007</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 64,380	\$ 831,300	\$ (766,920)	(92.26) %
Other Governmental	<u>512,952</u>	<u>335,166</u>	<u>177,786</u>	53.04 %
Total	<u>\$ 577,332</u>	<u>\$ 1,166,466</u>	<u>\$ (589,134)</u>	(50.51) %

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

General Fund

The District's general fund balance decreased \$766,920. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 7,680,559	\$ 7,705,929	\$ (25,370)	(0.33) %
Tuition	1,375,001	1,087,845	287,156	26.40 %
Earnings on investments	102,866	140,993	(38,127)	(27.04) %
Intergovernmental	7,984,532	7,561,740	422,792	5.59 %
Other revenues	<u>195,114</u>	<u>146,015</u>	<u>49,099</u>	33.63 %
Total	<u>\$ 17,338,072</u>	<u>\$ 16,642,522</u>	<u>\$ 695,550</u>	4.18 %
<u>Expenditures</u>				
Instruction	\$ 11,214,466	\$ 10,474,793	\$ 739,673	7.06 %
Support services	6,515,421	5,867,864	647,557	11.04 %
Non-instructional services	316	635	(319)	(50.24) %
Extracurricular activities	212,552	200,743	11,809	5.88 %
Facilities acquisition and construction	26,982	15,641	11,341	72.51 %
Capital outlay	86,450	-	86,450	100.00 %
Debt service	<u>77,346</u>	<u>59,243</u>	<u>18,103</u>	30.56 %
Total	<u>\$ 18,133,533</u>	<u>\$ 16,618,919</u>	<u>\$ 1,514,614</u>	9.11 %

The District's continued participation in open enrollment resulted in an increase in tuition revenues of \$287,156, or 26.40% from 2007. The decrease in earnings on investments of 27.04% is a result decreased interest rates on investments held by the District. Facilities acquisition and construction expenditures increased by \$11,341, or 72.51%, in 2008 due to the increased capital expenditures by the District. Capital outlay and debt service increased due to the acquisition of new leases.

General Fund Budgeting Highlights

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.

During the course of fiscal year 2008, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$17,047,421 and final budgeted revenues and other financing sources were \$17,455,486. Actual revenues and other financing sources for fiscal year 2008 was \$17,456,278. This represents a \$408,857 increase from original budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$18,660,809 were decreased \$189,486 to \$18,471,323 in the final budget. The actual budget basis expenditures for fiscal year 2008 totaled \$18,471,326, which represents a \$3 increase from final budget appropriations.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the District had \$4,054,050 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks. This entire amount is reported in governmental activities. The following table shows fiscal year 2008 balances compared to 2007:

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

	Governmental Activities	
	2008	2007
Land	\$ 87,783	\$ 87,783
Land improvements	357,669	334,551
Building and improvements	2,819,159	2,707,021
Furniture and equipment	271,943	233,517
Vehicles	500,175	430,152
Textbooks	-	50,924
Construction in progress	17,321	-
Total	\$ 4,054,050	\$ 3,843,948

The overall increase in capital assets of \$210,102 is due to capital outlays of \$636,504 exceeding depreciation expense of \$365,763 and disposals of \$60,649 (net of accumulated depreciation) in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2008, the District had \$32,629 in asbestos removal loans, \$659,756 in energy conservation bonds, \$91,674 in capital lease obligations and \$17,819 in lease-purchase agreements outstanding. Of this total, \$124,431 is due within one year and \$677,447 is due in greater than one year. The following table summarizes the bonds, loans and leases outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
Asbestos removal loans	\$ 32,629	\$ 45,683
Energy conservation bonds	659,756	720,792
Capital lease obligations	91,674	40,213
Lease-purchase agreements	17,819	40,631
Total	\$ 801,878	\$ 847,319

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

At June 30, 2008, the District's overall legal debt margin was \$29,317,840, and an unvoted debt margin of \$325,117. See Note 11 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District recently passed levies that are vital to its financial success. A five-year 7.9-mil replacement operating levy was passed in May of 2006 and most recently in November of 2008 a bond issue and a 1.25-mil continuous permanent improvement levy was passed. The bond issue will be used to build a new middle school under the Ohio School Facilities Exceptional Needs Program. .50-mils of the permanent improvement levy will be used to meet the annual maintenance requirement of the schools facility commission. However, .75-mils of the permanent improvement levy will generate approximately \$245,000 annually and will provide the District with a much-needed dedicated source of revenue for capital outlay. This permanent improvement levy will also ease the burden on the general operating fund to meet the annual capital outlay set-aside requirements.

The future financial stability of the District is not without challenges. Some of those challenges include the unpredictable future of State funding, inflationary pressure on expenditures, and the struggle to keep a competitive salary scale. Another major challenge the District will face is the elimination of the tangible personal property tax base due to the passing of H.B. 66. H.B.66 has brought about sweeping changes to property taxes and school funding in Ohio for which there is no precedence. The State currently has a provision to "hold schools harmless" through 2010 by offsetting the tax loss with a combination of an increase in State aid and direct replacement payments. The State will begin to phase-out the direct replacement payments in 2011. Prior to its elimination, tangible personal property tax collections represented approximately 10% of the general fund operating revenue. If State-aid does not increase to offset the loss of this tax revenue, the District will suffer greatly financially. Projecting the impact of H.B. is difficult.

The Board of Education and Administration of Indian Creek School District are committed to continue to carefully and prudently plan in order to provide the resources necessary to meet the vision of the District. This vision is to provide all students with the opportunity to acquire the knowledge and skills to reach their potential within a secure and positive learning environment and to become responsible citizens in an ever-changing society through effective programs and community involvement.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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. Denise Todoroff, Treasurer, Indian Creek Local School District, 587 Bantam Ridge Road, Wintersville, Ohio 43953.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 2,057,616
Cash with fiscal agent	2,355,776
Receivables:	
Taxes	8,033,831
Accounts	2,000
Intergovernmental	281,487
Materials and supplies inventory	90,173
Capital assets:	
Land	87,783
Construction in progress	17,321
Depreciable capital assets, net	3,948,946
Capital assets, net.	4,054,050
 Total assets.	 16,874,933
Liabilities:	
Accounts payable.	67,698
Accrued wages and benefits	1,872,819
Pension obligation payable.	388,637
Intergovernmental payable	154,925
Unearned revenue	6,496,370
Accrued interest payable	3,683
Claims payable	429,148
Long-term liabilities:	
Due within one year.	202,065
Due within more than one year	1,870,152
 Total liabilities	 11,485,497
Net Assets:	
Invested in capital assets, net of related debt.	3,252,172
Restricted for:	
Capital projects	128,289
Debt service.	60,568
Locally funded programs	107,787
State funded programs.	57,724
Federally funded programs	842
Student activities	8,334
Other purposes	69,428
Unrestricted.	1,704,292
 Total net assets	 \$ 5,389,436

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

		Program Revenues			Net (Expense) Revenue and and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 10,205,940	\$ 1,397,420	\$ 1,180,972	\$ -	\$ (7,627,548)
Special	2,557,411	104,766	1,109,453	-	(1,343,192)
Vocational	314,235	-	38,892	-	(275,343)
Adult education	2,357	1,839	481	-	(37)
Other.	268,649	-	150,914	-	(117,735)
Support services:					
Pupil.	888,639	-	208,185	-	(680,454)
Instructional staff	994,444	-	520,550	-	(473,894)
Board of education	12,609	-	-	-	(12,609)
Administration.	1,531,789	27,707	82,007	-	(1,422,075)
Fiscal.	430,643	-	-	-	(430,643)
Business.	9,798	-	-	-	(9,798)
Operations and maintenance	2,230,308	50	-	-	(2,230,258)
Pupil transportation	1,106,794	3,291	18,229	12,547	(1,072,727)
Central	94,793	-	26,228	-	(68,565)
Operation of non-instructional services:					
Food service operations	812,830	312,040	536,230	-	35,440
Other non-instructional services	102,427	935	88,373	-	(13,119)
Extracurricular activities.	392,256	142,288	29,440	-	(220,528)
Intergovernmental	203,531	-	235,478	-	31,947
Interest and fiscal charges	41,224	-	-	-	(41,224)
Total governmental activities	\$ 22,200,677	\$ 1,990,336	\$ 4,225,432	\$ 12,547	(15,972,362)
General Revenues:					
Property taxes levied for:					
					7,725,693
					107,130
					7,346,080
					203,964
					133,440
					15,516,307
					(456,055)
					5,845,491
					\$ 5,389,436

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,176,861	\$ 811,431	\$ 1,988,292
Receivables:			
Taxes	7,925,537	108,294	8,033,831
Accounts	2,000	-	2,000
Intergovernmental	7,252	274,235	281,487
Interfund loans	65,745	-	65,745
Materials and supplies inventory	67,845	22,328	90,173
Restricted assets:			
Equity in pooled cash and cash equivalents	69,324	-	69,324
Total assets	<u>\$ 9,314,564</u>	<u>\$ 1,216,288</u>	<u>\$ 10,530,852</u>
Liabilities:			
Accounts payable	\$ 48,610	\$ 19,088	\$ 67,698
Accrued wages and benefits	1,538,778	334,041	1,872,819
Compensated absences payable	16,975	-	16,975
Pension obligation payable	307,802	80,835	388,637
Intergovernmental payable	134,814	20,111	154,925
Interfund loan payable	-	65,745	65,745
Deferred revenue	797,179	93,172	890,351
Unearned revenue	6,406,026	90,344	6,496,370
Total liabilities	<u>9,250,184</u>	<u>703,336</u>	<u>9,953,520</u>
Fund Balances:			
Reserved for encumbrances	306,984	230,029	537,013
Reserved for materials and supplies inventory	67,845	22,328	90,173
Reserved for property tax unavailable for appropriation	722,332	11,019	733,351
Reserved for debt service	-	46,301	46,301
Reserved for budget stabilization	69,324	-	69,324
Unreserved, undesignated (deficit), reported in:			
General fund	(1,102,105)	-	(1,102,105)
Special revenue funds	-	203,275	203,275
Total fund balances	<u>64,380</u>	<u>512,952</u>	<u>577,332</u>
Total liabilities and fund balances	<u>\$ 9,314,564</u>	<u>\$ 1,216,288</u>	<u>\$ 10,530,852</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

Total governmental fund balances		\$	577,332
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			4,054,050
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	804,110	
Intergovernmental receivable		86,241	
Total			890,351
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.			1,926,628
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, interest is expensed when due.			(3,683)
Long-term liabilities, including loans and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		1,253,364	
Asbestos removal loan payable		32,629	
Energy conservation bonds payable		659,756	
Capital lease obligation payable		91,674	
Lease-purchase agreement payable		17,819	
Total			(2,055,242)
Net assets of governmental activities		\$	5,389,436

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 7,680,559	\$ 106,739	\$ 7,787,298
Tuition.	1,375,001	-	1,375,001
Transportation fees.	3,291	-	3,291
Charges for services.	-	312,040	312,040
Earnings on investments.	102,866	-	102,866
Extracurricular.	-	197,673	197,673
Classroom materials and fees	47,642	34,935	82,577
Other local revenues.	144,181	48,194	192,375
Intergovernmental - Intermediate	-	101,000	101,000
Intergovernmental - State	7,984,532	1,755,825	9,740,357
Intergovernmental - Federal.	-	1,712,677	1,712,677
Total revenue	<u>17,338,072</u>	<u>4,269,083</u>	<u>21,607,155</u>
Expenditures:			
Current:			
Instruction:			
Regular	8,769,459	1,164,744	9,934,203
Special.	1,995,990	513,672	2,509,662
Vocational.	319,100	-	319,100
Adult education	-	2,357	2,357
Other	129,917	138,436	268,353
Support services:			
Pupil.	729,000	144,002	873,002
Instructional staff	357,328	623,180	980,508
Board of education	12,609	-	12,609
Administration.	1,391,389	117,775	1,509,164
Fiscal	424,451	2,816	427,267
Business	9,798	-	9,798
Operations and maintenance.	2,413,977	-	2,413,977
Pupil transportation	1,172,875	-	1,172,875
Central.	3,994	90,799	94,793
Operation of non-instructional services:			
Food service operations	-	791,805	791,805
Other non-instructional services	316	98,532	98,848
Extracurricular activities.	212,552	169,320	381,872
Facilities acquisition and construction	26,982	-	26,982
Capital outlay	86,450	-	86,450
Intergovernmental pass through	-	203,531	203,531
Debt service:			
Principal retirement	70,855	61,036	131,891
Interest and fiscal charges	6,491	35,074	41,565
Total expenditures	<u>18,133,533</u>	<u>4,157,079</u>	<u>22,290,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(795,461)</u>	<u>112,004</u>	<u>(683,457)</u>
Other financing sources (uses):			
Transfers in.	-	64,577	64,577
Transfers (out)	(64,577)	-	(64,577)
Capital lease transaction	86,450	-	86,450
Total other financing sources (uses)	<u>21,873</u>	<u>64,577</u>	<u>86,450</u>
Net change in fund balances	(773,588)	176,581	(597,007)
Fund balances at beginning of year	831,300	335,166	1,166,466
Increase in reserve for inventory.	6,668	1,205	7,873
Fund balances at end of year.	<u>\$ 64,380</u>	<u>\$ 512,952</u>	<u>\$ 577,332</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds	\$	(597,007)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 636,504	
Current year depreciation	<u>(365,753)</u>	
Total		270,751
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(60,649)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		7,873
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	45,525	
Intergovernmental revenue	<u>(9,156)</u>	
Total		36,369
Repayment of loans, bonds and leases are an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		131,891
Capital lease transactions are recorded as an other financing source in the funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		
		(86,450)
In the statement of activities, interest is accrued on outstanding loans and bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		341
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(79,281)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(79,893)</u>
Change in net assets of governmental activities	\$	<u>(456,055)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 7,500,344	\$ 7,679,880	\$ 7,679,881	\$ 1
Tuition.	1,360,538	1,393,105	1,393,105	-
Transportation fees.	3,214	3,291	3,291	-
Earnings on investments.	100,105	102,501	102,866	365
Classroom materials and fees	46,120	47,224	47,650	426
Other local revenues.	135,016	138,248	138,248	-
Intergovernmental - State	7,832,648	8,020,139	8,020,139	-
Total revenue	<u>16,977,985</u>	<u>17,384,388</u>	<u>17,385,180</u>	<u>792</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,828,124	8,738,481	8,738,484	(3)
Special.	2,056,048	2,035,170	2,035,170	-
Vocational.	324,480	321,185	321,185	-
Other.	120,545	119,321	119,321	-
Support services:				
Pupil.	748,613	741,011	741,011	-
Instructional staff	427,022	422,686	422,686	-
Board of education	12,849	12,719	12,719	-
Administration.	1,477,173	1,462,173	1,462,173	-
Fiscal	438,064	433,616	433,616	-
Operations and maintenance.	2,554,803	2,528,861	2,528,861	-
Pupil transportation	1,267,956	1,255,081	1,255,081	-
Central.	4,220	4,177	4,177	-
Operation of non-instructional services	319	316	316	-
Extracurricular activities.	220,478	218,239	218,239	-
Facilities acquisition and construction.	35,269	34,911	34,911	-
Debt service:				
Principal retirement	13,188	13,054	13,054	-
Total expenditures	<u>18,529,151</u>	<u>18,341,001</u>	<u>18,341,004</u>	<u>(3)</u>
Deficiency of revenues under expenditures.	<u>(1,551,166)</u>	<u>(956,613)</u>	<u>(955,824)</u>	<u>789</u>
Other financing sources (uses):				
Transfers (out).	(65,239)	(64,577)	(64,577)	-
Advances in	44,401	45,464	45,464	-
Advances (out).	(66,419)	(65,745)	(65,745)	-
Refund of prior year expenditure	21,194	21,701	21,701	-
Sale of assets	3,841	3,933	3,933	-
Total other financing sources (uses)	<u>(62,222)</u>	<u>(59,224)</u>	<u>(59,224)</u>	<u>-</u>
Net change in fund balance	(1,613,388)	(1,015,837)	(1,015,048)	789
Fund balance at beginning of year.	1,284,472	1,284,472	1,284,472	-
Prior year encumbrances appropriated	626,625	626,625	626,625	-
Fund balance at end of year	<u>\$ 297,709</u>	<u>\$ 895,260</u>	<u>\$ 896,049</u>	<u>\$ 789</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Cash with fiscal agent	<u>\$ 2,355,776</u>
Total assets	<u>2,355,776</u>
Liabilities:	
Claims payable	<u>429,148</u>
Total liabilities	<u>429,148</u>
Net assets:	
Unrestricted.	<u>1,926,628</u>
Total net assets	<u><u>\$ 1,926,628</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 2,614,169
Total operating revenues	<u>2,614,169</u>
Operating expenses:	
Fringe benefits	361,506
Claims.	<u>2,433,654</u>
Total operating expenses	<u>2,795,160</u>
Operating loss	<u>(180,991)</u>
Nonoperating revenues:	
Interest revenue.	<u>101,098</u>
Total nonoperating revenues	<u>101,098</u>
Change in net assets.	(79,893)
Net assets at beginning of year	<u>2,006,521</u>
Net assets at end of year	<u>\$ 1,926,628</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities:	
Cash received from charges for services	\$ 2,614,169
Cash payments for fringe benefits.	(361,506)
Cash payments for claims.	<u>(2,284,276)</u>
Net cash used in operating activities	<u>(31,613)</u>
Cash flows from investing activities:	
Interest received	<u>101,098</u>
Net cash provided by investing activities	<u>101,098</u>
Net increase in cash and cash equivalents	69,485
Cash and cash equivalents at beginning of year. . .	<u>2,286,291</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,355,776</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (180,991)
Changes in assets and liabilities:	
Increase in claims payable	<u>149,378</u>
Net cash used in operating activities	<u><u>\$ (31,613)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 40,151	\$ 64,979
Total assets	40,151	\$ 64,979
Liabilities:		
Accounts payable.	-	\$ 69
Due to students	-	64,910
Total liabilities	-	\$ 64,979
Net Assets:		
Held in trust for scholarships	40,151	
Total net assets	\$ 40,151	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 1,935
Gifts and contributions.	4,700
	6,635
Deductions:	
Scholarships awarded	4,200
	2,435
Change in net assets	2,435
Net assets at beginning of year.	37,716
Net assets at end of year	\$ 40,151

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Indian Creek Local School District (the “District”) is organized under article VI, Section 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 1966 through the consolidation of existing land areas and school districts. The District serves an area of approximately 75 square miles. It is located in Jefferson County, and includes all of the Village of Wintersville, the Village of Mingo Junction, Village of Bloomingdale, and Cross Creek Township and portions of the City of Steubenville, Island Creek, Salem, Wayne and Steubenville Townships. It is staffed by 119 non-certified employees, 170 certified full-time teaching personnel and 10 administrative employees who provide services to 2,258 students and other community members. The District currently operates 6 instructional buildings, 1 administrative building, and 6 garages.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The District’s significant accounting policies are described below.

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, foods service, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; (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).

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

OME-RESA is a computer service organization whose primary function is to provide information technology services to its member districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records, and test scoring.

OME-RESA is one of 23 regional service organizations serving over 600 public districts in the State of Ohio that make up the Ohio Educational Computer network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code, and their member districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODE.

OME-RESA is owned and operated by 49 member districts in 10 different Ohio counties. The member districts are comprised of public districts and county Boards of Education. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors.

OME-RESA is located at 2023 Sunset Blvd., Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member districts, and acts in the capacity of fiscal agent for OME-RESA.

Jefferson County Joint Vocational School

The Jefferson County Joint Vocational School (JVS) was established by the Ohio Revised Code, is a jointly governed organization providing vocational services to its six member districts. The JVS is governed by a Board of Education comprised of 11 members appointed by the participating schools. The Board controls the financial activity of the JVS and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the JVS is not dependent on the District's continued participation and no measurable equity interest exists.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

INSURANCE PURCHASING POOLS

Schools of Ohio Risk Sharing Authority

The District participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the District's property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

B. 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.

GOVERNMENTAL FUNDS

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

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.

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; and (c) for grants and other resources whose use is restricted to a particular purpose; and (d) for food service operations.

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical/surgical and dental benefits to employees.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the 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 only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

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. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund are charges for sales and services. Operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue on the governmental fund financial statements.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2008 is as follows:

1. Ohio Revised Code Section 5705.28 required the District to adopt a tax budget for the following fiscal year on or before January 15. This section requires the adopted budget to be submitted to the County Auditor, as Secretary of the County Budget Commission by January 20 of each year, for the period July 1 through June 30 of the following year. The District obtained a waiver as provided for by Ohio Revised Code Section 5705.281, in which they did not have to adopt a tax budget or submit the budget to the County Auditor.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2008.
3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. The accompanying budgetary statement is shown at the fund and function level of expenditures. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations 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 totals.
4. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
6. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2008. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
7. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

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 2008, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), U.S. Government money market and a mutual fund. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

The District has invested funds in STAR Ohio during fiscal year 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2008.

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 and the private-purpose trust funds. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$102,866, which includes \$37,112 assigned from other funds.

While mutual funds are not an allowable investment according to State statute, the District has been endowed with a gift of the mutual fund to its private-purpose trust fund. No public funds were used to acquire the mutual fund.

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.

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

G. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories consist of donated food, purchased food, and non-food supplies held for resale and are expensed when used.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years
Textbooks	20 years

I. Interfund Balances

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

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probably that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees who were within five years of becoming eligible to retire under STRS and SERS were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2008, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

In the governmental fund financial statements, compensated absences are reported to the extent that a known liability for an employee’s retirement/resignation has been incurred by fiscal year-end. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees are paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, property tax revenue unavailable for appropriation, debt service and budget stabilization. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the employee self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund, including claims and administrative expenses.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes consist of monies restricted for budget stabilization and summer school tuition.

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

O. Estimates

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

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

P. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a budget stabilization reserve. The reserve is required by State statute. A schedule of statutory reserves is presented in Note 17.

Q. Interfund Activity

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

R. 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 2008.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 14) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 3 - ACCOUNTABILTY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2008 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Emergency nagement information system	\$ 29
Public school preschool	18,490
SchoolNet professional development	2
Ohio reads	68
Title VI-B	63,760
Title I	43,865
Title VI	248
Drug free schools	2,611
Preschool	6,055
Improving teacher quality	14,890

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. 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,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash with Fiscal Agent

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2008 was \$2,355,776.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Cash on Hand

At year-end, the District had \$100 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.”

C. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all District deposits was \$2,125,979. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2008, \$1,902,697 of the District’s bank balance of \$2,135,361 was exposed to custodial risk as discussed below, while \$232,664 was covered by the Federal Deposit Insurance Corporation (FDIC).

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

D. Investments

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> 6 months or less
STAR Ohio	\$ 5	\$ 5
U.S. Government money market	6	6
Mutual funds	<u>36,656</u>	<u>36,656</u>
	<u>\$ 36,667</u>	<u>\$ 36,667</u>

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

Credit Risk: Standard & Poor’s has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 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, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 5	0.014
U.S. Government money market	6	0.016
Mutual funds	<u>36,656</u>	<u>99.970</u>
	<u>\$ 36,667</u>	<u>100.000</u>

E. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,125,979
Investments	36,667
Cash with fiscal agent	2,355,776
Cash on hand	<u>100</u>
Total	<u>\$ 4,518,522</u>
 <u>Cash and investments per statement of net assets</u>	
Government activities	\$ 4,413,392
Private-purpose trust funds	40,151
Agency funds	<u>64,979</u>
Total	<u>\$ 4,518,522</u>

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2008 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 65,745

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:

General fund	\$ 64,577
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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated on the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5704.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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 year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property was assessed at 12.50% for property, including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, 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 Jefferson County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

The amount available as an advance at June 30, 2008 was \$722,332 in the general fund and \$11,019 in the debt service fund (a nonmajor governmental fund). This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2007 was \$721,653 in the general fund and \$10,751 in the debt service fund (a nonmajor governmental fund).

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

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 310,078,920	85.36	\$ 313,271,770	88.59
Public utility personal	13,898,730	3.83	12,365,490	7.92
Tangible personal property	<u>39,295,110</u>	<u>10.81</u>	<u>27,991,091</u>	<u>3.49</u>
Total	<u>\$ 363,272,760</u>	<u>100.00</u>	<u>\$ 353,628,351</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$39.10		\$39.10	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008 consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 8,033,831
Accounts	2,000
Intergovernmental	<u>281,487</u>
Total	<u>\$ 8,317,318</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance <u>06/30/07</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/08</u>
Governmental activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 87,783	\$ -	\$ -	\$ 87,783
Construction in progress	-	17,321	-	17,321
Total capital assets, not being depreciated	<u>87,783</u>	<u>17,321</u>	<u>-</u>	<u>105,104</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,467,516	104,749	-	1,572,265
Buildings and improvements	7,307,867	256,239	-	7,564,106
Furniture and equipment	965,569	97,697	(78,650)	984,616
Vehicles	1,521,281	160,498	-	1,681,779
Textbooks	780,237	-	(780,237)	-
Total capital assets, being depreciated	<u>12,042,470</u>	<u>619,183</u>	<u>(858,887)</u>	<u>11,802,766</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,132,965)	(81,631)	-	(1,214,596)
Buildings and improvements	(4,600,846)	(144,101)	-	(4,744,947)
Furniture and equipment	(732,052)	(49,546)	68,925	(712,673)
Vehicles	(1,091,129)	(90,475)	-	(1,181,604)
Textbooks	(729,313)	-	729,313	-
Total accumulated depreciation	<u>(8,286,305)</u>	<u>(365,753)</u>	<u>798,238</u>	<u>(7,853,820)</u>
Governmental activities capital assets, net	<u>\$ 3,843,948</u>	<u>\$ 270,751</u>	<u>\$ (60,649)</u>	<u>\$ 4,054,050</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 89,878
Special	8,956
Vocational	1,607
<u>Support services:</u>	
Pupil	9,910
Instructional staff	6,930
Administration	11,195
Operations and maintenance	76,692
Pupil transportation	88,717
Extracurricular activities	10,384
Facilities and acquisitions	45,342
Food service operations	<u>16,142</u>
Total depreciation expense	<u>\$ 365,753</u>

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

The District has entered into capitalized leases for copier equipment. These lease agreements meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$201,359. Accumulated depreciation as of June 30, 2008 was \$74,707, leaving a current book value of \$126,652. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2008 totaled \$34,989 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2008:

<u>Fiscal Year Ending June 30.</u>	<u>Amount</u>
2009	\$ 33,840
2010	22,150
2011	19,814
2012	19,814
2013	<u>6,146</u>
Total minimum lease payments	101,764
Less: amount representing interest	<u>(10,090)</u>
Total	<u>\$ 91,674</u>

NOTE 10 - LEASE-PURCHASE AGREEMENT

In a prior fiscal year, the District has entered into a lease-purchase agreement for kitchen equipment. This lease-purchase agreement meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Equipment acquired through the lease-purchase agreement that meet the capitalization threshold totaled \$12,923, and has been included in the District's capital assets. Accumulated depreciation as of June 30, 2008 was \$2,100, leaving a current book value of \$10,823. A liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2008 totaled \$22,812 paid by the general fund.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 10 - LEASE-PURCHASE AGREEMENT - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2008:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 18,169
Total minimum lease payments	18,169
Less: amount representing interest	<u>(350)</u>
Total	<u>\$ 17,819</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2008, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/07</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/08</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
Asbestos removal loan	\$ 45,683	\$ -	\$ (13,054)	\$ 32,629	\$ 13,054
Energy conservation bonds	720,792	-	(61,036)	659,756	64,107
Capital lease obligation	40,213	86,450	(34,989)	91,674	29,451
Lease-purchase agreement	40,631	-	(22,812)	17,819	17,819
Compensated absences	<u>1,185,007</u>	<u>194,690</u>	<u>(109,358)</u>	<u>1,270,339</u>	<u>77,634</u>
Total long-term obligations, governmental activities	<u>\$ 2,032,326</u>	<u>\$ 281,140</u>	<u>\$ (241,249)</u>	<u>\$ 2,072,217</u>	<u>\$ 202,065</u>

Compensated absences - Compensated absences will be paid from the fund from which the employees' salaries are paid, which primarily consist of the general fund.

EPA asbestos loan - On May 30, 1993, District obtained a loan in the amount of \$234,965 for the purpose of providing asbestos removal. The loan was issued with a 0% interest rate for an eighteen year period (\$13,054 per year) with final maturity during fiscal year 2010. The loan will be retired from the general fund.

Energy conservation bonds - On May 20, 2002, the District issued bonds in the amount of \$984,816. The bonds were issued for the purpose of upgrading buildings owned by the District to reduce energy consumption. The bonds were issued at 4.97% for 15 years with semi-annual payments due in May and November. The bonds will be repaid from tax proceeds. The bonds will be retired from the debt service fund (a nonmajor governmental fund).

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

- B.** The following is a summary of the District's future annual debt service requirements to maturity for loans and bonds:

<u>Year Ending June 30</u>	<u>Principal on Loan/Bonds</u>	<u>Interest on Loan/Bonds</u>	<u>Total</u>
2009	\$ 77,161	\$ 32,003	\$ 109,164
2010	80,387	28,777	109,164
2011	77,248	25,389	102,637
2012	74,280	21,831	96,111
2013	78,017	18,093	96,110
2014 - 2017	<u>305,292</u>	<u>31,091</u>	<u>336,383</u>
Total	<u>\$ 692,385</u>	<u>\$ 157,184</u>	<u>\$ 849,569</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$29,317,840 (including available funds of \$57,320) and an unvoted debt margin of \$325,117.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2008, the District contracted with Schools of Ohio Risk Sharing Authority for liability, property, fleet insurance and school board errors and omissions. Coverages are as follows:

<u>Description of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Property	\$52,251,468	\$1,000
Earth movement limit	2,000,000	50,000
Flood limit	2,000,000	50,000
Equipment breakdown:	25,000,000	1,000
CFC refrigerants	25,000	1,000
Hazardous substance contamination	50,000	1,000
Spoilage	10,000	1,000

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 12 - RISK MANAGEMENT - (Continued)

<u>Description of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Equipment breakdown (continued):		
Expediting expenses	50,000	1,000
Crime Coverage		
Employee dishonesty	50,000	1,000
Forgery or alteration	50,000	1,000
Computer fraud	50,000	1,000
Theft, disappearance & destruction	50,000	1,000
General Liability		
Bodily injury & property damage	4,000,000	0
Personal injury / advertising liability	4,000,000	0
Products / completed operations	4,000,000	0
Employee benefits liability	4,000,000	0
Employee stop gap liability		
Bodily injury by accident	1,000,000	0
Bodily injury by disease - policy limit	1,000,000	0
Bodily injury by disease - each employee	1,000,000	0
Aggregate limit	1,000,000	0
General annual aggregate	6,000,000	0
Fire legal liability	500,000	0
Medical payments occurrence / aggregate	5,000 / 25,000	0
Educator's Legal Liability		
Wrongful acts coverage per occurrence	4,000,000	4,000
Wrongful acts coverage aggregate	4,000,000	
Automobile Liability		
Bodily injury & property damage - per occurrence	4,000,000	0
Medical payments occurrence / aggregate	5,000/25,000	0
Uninsured / underinsured motorist	1,000,000	0
Automobile physical damage	ACV	250
Garage keepers physical damage	ACV to max of 100,000	250

Settled claims have not exceeded this commercial coverage in any of the past three years. Also, the District has not materially reduced its coverage in the past year.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 12 - RISK MANAGEMENT - (Continued)

B. Medical/Surgical and Dental Insurance

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, consisting of several Districts within the Eastern Region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. The claims liability of \$429,148, reported in the internal service fund at June 30, 2008, is based on an estimate provided by American Administrative Group (the third party administrator) and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2008	\$ 279,770	\$ 2,433,654	\$ (2,284,276)	\$ 429,148
2007	213,425	2,250,630	(2,184,285)	279,770

C. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan.

The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to districts that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the Plan.

NOTE 13 - 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 13 - 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 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$202,270, \$209,637 and \$214,804, respectively. 46.91 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

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

Funding Policy - For fiscal year 2008, 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 recommendations 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 CREEK LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 13 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were \$985,840, \$945,286 and \$894,109, respectively; 83.00% has been contributed for fiscal year 2008 and 100% for the fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$13,361 made by the District and \$17,025 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees 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 and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$132,900, \$108,660 and \$84,840, respectively; 46.91 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$14,574, \$14,255 and \$17,097, respectively; 46.91 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**INDIAN CREEK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org 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 2008, 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, 2008, 2007, and 2006 were \$75,834, \$72,714 and \$68,778, respectively; 83.00 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures, and changes in fund balance - budget and actual (Non-GAAP 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 major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

	<u>General fund</u>
Budget basis	\$ (1,015,048)
Net adjustment for revenue accruals	(47,108)
Net adjustment for expenditure accruals	(142,665)
Net adjustment for other sources/(uses)	81,097
Adjustment for encumbrances	<u>350,136</u>
GAAP basis	<u>\$ (773,588)</u>

NOTE 16 - 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.

NOTE 17 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue 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, 2008, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>	<u>Budget Reserve</u>
Set-aside balance as of June 30, 2007	\$ (291,682)	\$ -	\$ 69,324
Current year set-aside requirement	327,297	327,297	-
Qualifying disbursements	<u>(501,816)</u>	<u>(678,571)</u>	<u>-</u>
Total	<u>\$ (466,201)</u>	<u>\$ (351,274)</u>	<u>\$ 69,324</u>
Balance carried forward to FY 2009	<u>\$ (466,201)</u>	<u>\$ -</u>	<u>\$ 69,324</u>

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 17 - STATUTORY RESERVES - (Continued)

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbook/instructional materials reserve, this extra amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to next fiscal year.

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

A schedule of the restricted assets at June 30, 2008 follows:

Amounts restricted for budget reserve	<u>\$ 69,324</u>
Total restricted assets	<u>\$ 69,324</u>

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INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	03-PU-08	10.550		\$55,381		\$55,381
Nutrition Cluster:						
National School Breakfast Program	05-PU-08	10.553	\$98,400		\$98,400	
National School Lunch Program	04-PU-08	10.555	369,183		369,183	
Special Milk Program	02-PU-08	10.556	112		112	
Total Nutrition Cluster			467,695		467,695	
Total U.S. Department of Agriculture			467,695	55,381	467,695	55,381
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF-08 6B-SF-07	84.027	566,917 101,205		614,037 67,277	
Total Special Education Grants to States			668,122		681,314	
Special Education - Preschool Grants	PG-S1-08 PG-S1-07	84.173	28,143 4,639		29,030 2,894	
Total Special Education - Preschool Grants			32,782		31,924	
Total Special Education Cluster			700,904		713,238	
Title II A - Improving Teacher Quality	TRS1-2008 TRS1-2007	84.367	120,807 23,917		120,983 22,832	
Total Title II A - Improving Teacher Quality			144,724		143,815	
Title IID Education Technology State Grants	TJ-SI-2008 TJ-SI-2007	84.318	2,250 114		4,916 0	
Total Title IID Education Technology State Grants			2,364		4,916	
Grants to Local Educational Agencies (ESEA Title 1)	C1-S1-08 C1-S1-07 C1-S1-07	84.010	323,215 35,105 42,977		327,273 34,381 41,335	
Total Grants to Local Educational Agencies (ESEA Title 1)			401,297		402,989	
State Grants for Innovative Program	C2-S1-08 C2-S1-07	84.298	3,003 648		6,541 624	
Total State Grants for Innovative Program			3,651		7,165	
Safe and Drug-Free Schools Grants	DR-S1-08 DR-S1-07	84.186	7,314 4,146		8,278 1,440	
Total Safe and Drug-Free Schools Grants			11,460		9,718	
<i>Passed Through Ohio Historical Society</i>						
Education Research and Improvement Grant	N/A	84.215	2,500		1,681	
Total U.S. Department of Education			1,266,900		1,283,522	
<u>CORPORATION FOR NATIONAL & COMMUNITY SERVICE</u>						
<i>Passed through the Ohio Department of Education</i>						
Learn & Serve America - School and Community Based Program	SV-SI-08 SV-SI-07	94.004	12,835 5,850		15,000 972	
Total Learn & Serve America			18,685		15,972	
Total Corporation for National & Community Service			18,685		15,972	
TOTAL FEDERAL AWARDS			\$1,753,280	\$55,381	\$1,767,189	\$55,381

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

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2008**

A. SIGNIFICANT ACCOUNTING POLICIES

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

B. CHILD NUTRITION CLUSTER

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

C. FOOD DISTRIBUTION

Non monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2008, the District had no significant food commodities in inventory.



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

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 Creek Local School District, Jefferson County, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Indian Creek Local School District
Jefferson County
Independent Accountants' report on Internal Control
Over Financial reporting and on Compliance and Other
Matters Required by *Government Auditing Standards*

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated February 9, 2009.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 9, 2009



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Indian Creek Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal program for the year ended June 30, 2008. 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 Creek Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended June 30, 2008. In a separate letter to the District's management dated February 9, 2009, we reported a matter relating to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

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

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www.auditor.state.oh.us

Indian Creek Local School District
Jefferson County
Independent Accountants' Report on Compliance with
Requirements Applicable to Each Federal Program and on
Internal Control Over Compliance in Accordance with OMB Circular A-133

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

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

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

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



Mary Taylor, CPA
Auditor of State

February 9, 2009

**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY
JUNE 30, 2008**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):Nutrition Cluster	CFDA#'s 10.553, 10.555 and 10.556
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None	
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None	
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Mary Taylor, CPA
Auditor of State

INDIAN CREEK LOCAL SCHOOL DISTRICT

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 7, 2009**