



**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Indian Creek Local School District, Jefferson County, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

Due to the lack of supporting documentation, we were unable to form an opinion regarding amounts of Special Revenue Fund Type budgeted expenditures in the accompanying combined statement of revenue, expenditures and changes in fund balances budget and actual.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had budgeted expenditures been susceptible to satisfactory audit tests, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Indian Creek Local School District, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

January 29, 2001

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INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in pooled cash and investments	\$1,868,465	\$564,413		\$312,144
Cash in segregated accounts				
Cash with fiscal agents				
Restricted cash and cash equivalents	325,000			
Receivables:				
Taxes	7,171,819			
Accounts	663	74		
Interfund receivable	200,220			
Due from other governments	5,173			
Prepaid items	8,329			
Inventory	59,337			
Inventory held for resale				
Fixed assets (Net, where applicable, of accumulated depreciation)				
<b>Other Debits:</b>				
Amount to be provided from general government resources				
<b>Total Assets and Other Debits</b>	<u>\$9,639,006</u>	<u>\$564,487</u>		<u>\$312,144</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts payable	\$74,917	\$28,660		
Accrued wages and benefits	1,144,727	230,507		
Compensated absences payable	4,112			
Pension obligation payable	201,538	10,858		
Asbestos removal loan payable				
Claim payable				
Interfund payable		135,708		
Due to other governments	29,602	5,631		
Deferred revenue	5,324,949			
Due to students				
<b>Total Liabilities</b>	<u>6,779,845</u>	<u>411,364</u>		
<b>Fund Equity and Other Credits:</b>				
Investment in general fixed assets				
Retained earnings:				
Unreserved				
Fund balance:				
Reserved for encumbrances	696,866	60,879		37,180
Reserved for inventory	59,337			
Reserved for property taxes	1,846,870			
Reserved for prepaid items	8,329			
Reserved for principle endowment				
Reserved for budget stabilization	325,000			
Unreserved:				
Designated				
Undesignated	(77,241)	92,244		274,964
<b>Total Fund Equity and Other Credits</b>	<u>2,859,161</u>	<u>153,123</u>		<u>312,144</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$9,639,006</u>	<u>\$564,487</u>		<u>\$312,144</u>

The notes to the general-purpose financial statements are an integral part of this statement.



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$56,193		\$83,036			\$2,884,251
	345,910	37,863			37,863
					345,910
					325,000
	18,669				7,171,819
					19,406
223					200,220
					5,396
44,876					8,329
10,451					104,213
					10,451
2,878			30,524,961		30,527,839
				1,509,920	1,509,920
<u>\$114,621</u>	<u>\$364,579</u>	<u>\$120,899</u>	<u>\$30,524,961</u>	<u>\$1,509,920</u>	<u>\$43,150,617</u>
\$246		\$5,933			\$109,756
22,429					1,397,663
10,581				\$1,276,684	1,291,377
11,354				96,175	319,925
				137,061	137,061
	\$240,300				240,300
58,040		6,472			200,220
456					35,689
11,540					5,336,489
		54,962			54,962
114,646	240,300	67,367		1,509,920	9,123,442
			30,524,961		30,524,961
(25)	124,279				124,254
					794,925
					59,337
					1,846,870
					8,329
		30,000			30,000
					325,000
		11,839			11,839
		11,693			301,660
(25)	124,279	53,532	30,524,961		34,027,175
<u>\$114,621</u>	<u>\$364,579</u>	<u>\$120,899</u>	<u>\$30,524,961</u>	<u>\$1,509,920</u>	<u>\$43,150,617</u>

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types			Fiduciary	Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
<b>Revenues:</b>						
Taxes	\$7,363,365					\$7,363,365
Intergovernmental	5,702,308	\$1,904,959		\$975		7,608,242
Interest	120,429					120,429
Classroom materials and fees	27,296	7,697				34,993
Extracurricular activities	1,480	138,850			\$3,618	143,948
Miscellaneous	80,779	51,342		163,471	17,109	312,701
<b>Total Revenues</b>	<b>13,295,657</b>	<b>2,102,848</b>		<b>164,446</b>	<b>20,727</b>	<b>15,583,678</b>
<b>Expenditures:</b>						
Instruction:						
Regular	6,645,329	836,215			11,397	7,492,941
Special	1,064,610	429,165				1,493,775
Vocational	83,474	22,250				105,724
Adult/Continuing		500			5,500	6,000
Other	1,547					1,547
Support Services:						
Pupils	235,081	87,609				322,690
Instructional staff	329,766	470,523		39		800,328
Board of education	17,408					17,408
Administration	1,592,170	257,752		16,200		1,866,122
Fiscal	379,403	2,704				382,107
Operation and maintenance of plant	1,856,975	1,272				1,858,247
Pupil transportation	749,255	13,074				762,329
Central		5,111				5,111
Operation of non-instructional services		247,266				247,266
Extracurricular activities	176,809	156,766				333,575
Capital Outlay				975,992		975,992
Debt Service:						
Principal retirement			13,054			13,054
<b>Total Expenditures</b>	<b>13,131,827</b>	<b>2,530,207</b>	<b>13,054</b>	<b>992,231</b>	<b>16,897</b>	<b>16,684,216</b>
Excess of Revenues Over/(Under) Expenditures	163,830	(427,359)	(13,054)	(827,785)	3,830	(1,100,538)
<b>Other Financing Sources/(Uses):</b>						
Proceeds from sale of fixed asset	208,680			272,274		480,954
Refund of prior year expenditures	12,141	30		3,293		15,464
Operating transfers - in	24,211	200,616	13,054	725,000	1,000	963,881
Operating transfers - out	(963,881)					(963,881)
<b>Total Other Financing Sources/(Uses)</b>	<b>(718,849)</b>	<b>200,646</b>	<b>13,054</b>	<b>1,000,567</b>	<b>1,000</b>	<b>496,418</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses	(555,019)	(226,713)		172,782	4,830	(604,120)
Fund Balance - July 1	3,358,440	379,836		139,362	11,839	3,889,477
Increase in Reserve for Inventory	55,740					55,740
<b>Fund Balance - June 30</b>	<b>\$2,859,161</b>	<b>\$153,123</b>		<b>\$312,144</b>	<b>\$16,669</b>	<b>\$3,341,097</b>

The notes to the general-purpose financial statements are an integral part of this statement.

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INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	General Fund		Variance Favorable/ (Unfavorable)
	Revised Budget	Actual	
<b>Revenues:</b>			
Taxes	\$7,110,257	\$7,512,559	\$402,302
Earnings on investments	119,653	126,423	6,770
Extracurricular activities	2,544	2,688	144
Classroom materials and fees	25,834	27,296	1,462
Intergovernmental	5,396,946	5,702,308	305,362
Miscellaneous	76,453	80,779	4,326
<b>Total Revenues</b>	<b>12,731,687</b>	<b>13,452,053</b>	<b>720,366</b>
<b>Expenditures</b>			
Instruction			
Regular	6,264,032	6,502,457	(238,425)
Special	978,673	999,695	(21,022)
Vocational education	100,653	85,095	15,558
Adult/Continuing			
Other instruction	2,000	1,547	453
Support Services:			
Pupils	220,286	215,215	5,071
Instructional support	303,166	313,644	(10,478)
Board of education	19,747	17,805	1,942
Administration	1,682,423	1,597,033	85,390
Fiscal	385,647	416,532	(30,885)
Operation and maintenance of plant	1,834,891	1,925,036	(90,145)
Pupil transportation	869,681	853,860	15,821
Central			
Operation of non-instructional services			
Extracurricular activities	162,277	171,676	(9,399)
Capital outlay			
Debt Service:			
Principal payments			
<b>Total Expenditures</b>	<b>12,823,476</b>	<b>13,099,595</b>	<b>(276,119)</b>
Excess of Revenues Over/(Under) Expenditures	(91,789)	352,458	444,247
<b>Other Financing Sources/(Uses):</b>			
Transfers in	24,211	24,211	
Transfers out	(969,245)	(963,881)	5,364
Advances in	107,000	107,000	
Advances out	(150,000)	(232,436)	(82,436)
Proceeds from sale of assets	208,680	208,680	
Refund of prior year expenditures	12,141	12,141	
<b>Total Other Financing Sources/(Uses)</b>	<b>(767,213)</b>	<b>(844,285)</b>	<b>(77,072)</b>
Excess of Revenues and Other Sources Over/(Under) Expenditures and Other Sources	(859,002)	(491,827)	367,175
Fund Balance/(Deficit) July 1	2,062,567	2,062,567	
Prior year encumbrances appropriated	464,515	464,515	
<b>Fund Balance/(Deficit) June 30</b>	<b>\$1,668,080</b>	<b>\$2,035,255</b>	<b>\$367,175</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
\$153,652	\$138,850	(\$14,802)			
8,517	7,697	(820)			
2,108,034	1,904,959	(203,075)			
57,516	51,976	(5,540)			
2,327,719	2,103,482	(224,237)			
826,345	783,338	43,007			
598,923	392,203	206,720			
22,250	22,250				
500	500				
100,039	94,449	5,590			
533,350	447,047	86,303			
304,481	259,298	45,183			
2,573	2,573				
2,050	1,272	778			
13,546	11,932	1,614			
5,111	5,111				
303,795	289,327	14,468			
154,917	160,418	(5,501)			
			\$13,054	\$13,054	
2,867,880	2,469,718	398,162	13,054	13,054	
(540,161)	(366,236)	173,925	(13,054)	(13,054)	
200,616	200,616			13,054	13,054
174,396	174,396				
(106,000)	(106,000)				
30	30				
269,042	269,042			13,054	13,054
(271,119)	(97,194)	173,925	(13,054)		13,054
496,231	496,231				
79,539	79,539				
<b>\$304,651</b>	<b>\$478,576</b>	<b>\$173,925</b>	<b>(\$13,054)</b>		<b>\$13,054</b>

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2000  
(Continued)**

	<b>Capital Projects Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable/ (Unfavorable)</b>
<b>Revenues:</b>			
Taxes			
Earnings on investments			
Extracurricular activities			
Classroom materials and fees			
Intergovernmental	\$968	\$975	\$7
Miscellaneous	162,233	163,471	1,238
	<hr/>	<hr/>	<hr/>
Total Revenues	163,201	164,446	1,245
<b>Expenditures:</b>			
Instruction			
Regular			
Special			
Vocational education			
Adult/Continuing			
Other instruction			
Support Services:			
Pupils			
Instructional support		39	(39)
Board of education			
Administration		16,200	(16,200)
Fiscal			
Operation and maintenance of plant			
Pupil transportation			
Central			
Operation of non-instructional services			
Extracurricular activities			
Capital outlay	968,559	1,013,172	(44,613)
Debt Service:			
Principal payments			
	<hr/>	<hr/>	<hr/>
Total Expenditures	968,559	1,029,411	(60,852)
Excess of Revenues Over/(Under) Expenditures	(805,358)	(864,965)	(59,607)
<b>Other Financing Sources/(Uses):</b>			
Transfers in	725,000	725,000	
Transfers out			
Advances in			
Advances out			
Proceeds from sale of assets	272,274	272,274	
Refund of prior year expenditures		3,293	(3,293)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	997,274	1,000,567	3,293
Excess of Revenues and Other Sources Over/(Under) Expenditures and Other Sources	191,916	135,602	(56,314)
Fund Balance/(Deficit) July 1	78,562	78,562	
Prior year encumbrances appropriated	60,800	60,800	
	<hr/>	<hr/>	<hr/>
<b>Fund Balance/(Deficit) June 30</b>	<b>\$331,278</b>	<b>\$274,964</b>	<b>(\$56,314)</b>

Expendable Trust Fund			Totals - (Memorandum Only)		
Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
			\$7,110,257	\$7,512,559	\$402,302
			119,653	126,423	6,770
\$5,848	\$3,618	(\$2,230)	162,044	145,156	(16,888)
			34,351	34,993	642
			7,505,948	7,608,242	102,294
27,652	17,109	(10,543)	323,854	313,335	(10,519)
33,500	20,727	(12,773)	15,256,107	15,740,708	484,601
18,000	12,034	5,966	7,108,377	7,297,829	(189,452)
			1,577,596	1,391,898	185,698
			122,903	107,345	15,558
12,000	6,100	5,900	12,500	6,600	5,900
			2,000	1,547	453
			320,325	309,664	10,661
			836,516	760,730	75,786
			19,747	17,805	1,942
			1,986,904	1,872,531	114,373
			388,220	419,105	(30,885)
			1,836,941	1,926,308	(89,367)
			883,227	865,792	17,435
			5,111	5,111	
			303,795	289,327	14,468
			317,194	332,094	(14,900)
			968,559	1,013,172	(44,613)
			13,054	13,054	
30,000	18,134	11,866	16,702,969	16,629,912	73,057
3,500	2,593	(907)	(1,446,862)	(889,204)	557,658
1,000	1,000		950,827	963,881	13,054
			(969,245)	(963,881)	5,364
			281,396	281,396	
			(256,000)	(338,436)	(82,436)
			480,954	480,954	
			12,171	15,464	(3,293)
1,000	1,000		500,103	439,378	(60,725)
4,500	3,593	(907)	(946,759)	(449,826)	496,933
17,303	17,303		2,654,663	2,654,663	
810	810		605,664	605,664	
<b>\$22,613</b>	<b>\$21,706</b>	<b>(\$907)</b>	<b>\$2,313,568</b>	<b>\$2,810,501</b>	<b>\$496,933</b>

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**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN RETAINED EARNINGS/FUND BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>	
<b>Operating revenues:</b>				
Food services	\$255,547			\$255,547
Tuition and fees	14,680			14,680
Classroom materials and fees	30,413			30,413
Charge for services		\$1,687,372		1,687,372
Interest			\$1,350	1,350
Total Operating Revenues	300,640	1,687,372	1,350	1,989,362
<b>Operating expenses:</b>				
Salaries	148,245			148,245
Fringe benefits		83,922		83,922
Purchased services	298,394			298,394
Materials and supplies	44,232			44,232
Claims		1,661,505		1,661,505
Depreciation	320			320
Other operating expenses			1,000	1,000
Total Operating Expenses	491,191	1,745,427	1,000	2,237,618
Operating Income/(Loss)	(190,551)	(58,055)	350	(248,256)
<b>Nonoperating revenues:</b>				
Federally donated commodities	43,787			43,787
Grants	215,798			215,798
Refund of prior year expenditures		18,669		18,669
Interest		22,191		22,191
Other nonoperating	2,601			2,601
Total Nonoperating revenues	262,186	40,860		303,046
Net Income/(Loss)	71,635	(17,195)	350	54,790
Retained Earnings/(Deficit) - July 1	(71,660)	141,474	36,513	106,327
<b>Retained Earnings/(Deficit) - June 30</b>	<b>(\$25)</b>	<b>\$124,279</b>	<b>\$36,863</b>	<b>\$161,117</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-expendable Trust</u>	
<b>Cash flows from operating activities:</b>				
Net operating income/(loss)	(\$190,551)	(\$58,055)	\$350	(\$248,256)
Adjustments to reconcile net income/(loss) to net cash provided/(used) by operating activities:				
Federally donated commodities	43,787			43,787
(Increase)/decrease in assets:				
Accounts receivable		(18,669)		(18,669)
Due from other governments	(223)			(223)
Inventory	(51,240)			(51,240)
Fixed asset	(2,878)			(2,878)
Increase/(decrease) in liabilities:				
Accounts payable	(5,928)		1,000	(4,928)
Accrued wages and benefits	(13,108)			(13,108)
Compensated absences payable	(73,383)			(73,383)
Pension obligation payable	1,415			1,415
Due to other governments	54,177			54,177
Deferred revenue	7,453			7,453
Interfund payable			(1,000)	(1,000)
Claims payable		11,442		11,442
Net cash provided/(used) for operating activities	(230,479)	(65,282)	350	(295,411)
<b>Cash flows from noncapital financing activities:</b>				
Grants	215,798			215,798
Interest	2,601	22,191		24,792
Net cash provided/(used) for noncapital financing activities	218,399	40,860		259,259
Net increases/decrease in cash and cash equivalents	(12,080)	(24,422)	350	(36,152)
Cash and cash equivalents, July 1, 1999	68,273	370,332	37,513	476,118
<b>Cash and cash equivalents, June 30, 2000</b>	<b><u>\$56,193</u></b>	<b><u>\$345,910</u></b>	<b><u>\$37,863</u></b>	<b><u>\$439,966</u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**1. NATURE OF BASIC OPERATIONS AND DESCRIPTIONS OF THE ENTITY**

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

The District was established in 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, the Village of Bloomingdale, Cross Creek Township and portions of the City of Steubenville, Island Creek, Salem, Wayne and Steubenville Townships. It is staffed by 120 non-certificated employees, 169 certificated full-time teaching personnel and 10 administrative employees who provide services to 2,291 students and other community members. The District currently operates 6 instructional buildings, one administrative building, and two garages.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the 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 Indian Creek Local School District, this includes general operations, food service, and student related activities of the District. The District does not have any component units.

The following activities are included within the reporting entity:

Aquinas Elementary, Saint Agnes Elementary, Jefferson County Christian School, and Trinity Christian School located within the District boundaries are private (parochial) schools. The District reflects this activity in a special revenue fund for financial reporting purposes.

The District is also associated with three organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations include the Ohio Mid-Eastern Regional Service Agency, Jefferson County Joint Vocational School, and the Ohio School Board Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

Management believes the general-purpose financial statements included in the report represent all funds of the District over which the District has the ability to exercise direct operating control.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The accounts of the District are organized and operated on the basis of funds and account groups to report on its financial position and the results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The District has the following fund types and account groups:

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**1. Governmental Fund Types:**

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be sixty days. Generally, property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivables are reflected as deferred revenue until available. Reimbursements due for federally funded programs are recognized when the corresponding expenditures are made.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

**General Fund**

The general fund is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to expenditure for specified purposes.

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**Capital Projects Funds**

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds types.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**2. Proprietary Fund Types:**

The proprietary fund types are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the District has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with Governmental Accounting Standards Board pronouncements. Proprietary fund types include the following funds:

**Enterprise Funds**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs, including depreciation where applicable, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Internal Service Funds**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to governmental units on a cost reimbursement basis.

**3. Fiduciary Fund Types:**

Fiduciary fund types account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

**Expendable Trust Funds**

Expendable trust funds are accounted for in essentially the same manner as governmental funds.

**Nonexpendable Trust Fund**

The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds.

**Agency Funds**

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets the District holds for others in an agency capacity.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**4. Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group**

This account group is established to account for all fixed assets of the District, other than those accounted for in proprietary or nonexpendable trust funds.

**General Long-term Obligations Account Group**

This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or nonexpendable trust funds.

**B. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified by the County Auditor.

All governmental funds are required to be budgeted and appropriated. The primary level of budgetary control is at the function level within each fund. Budgetary modifications may only be made by resolution of the Board of Education.

**C. Cash and Cash Equivalents**

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary 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 combined balance sheet.

During fiscal year 2000, investments were limited to STAR Ohio and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2000.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amount to \$120,429 and to the nonexpendable trust fund was \$1,350.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, 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.

**D. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Department of Education. During fiscal year 2000, the District had \$325,000 in the budget stabilization reserve.

**E. Receivables**

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

**F. Estimates**

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

**G. Inventory**

Inventory of governmental funds are stated at cost while 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. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food and are expensed when used.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**I. Fixed Assets and Depreciation**

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. The District does not possess any infrastructure.

Fixed assets used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: equipment - 5 to 20 years. The capitalization threshold is \$500.

**J. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

**Entitlements**

General Fund

- State Foundation Program
- Property Tax Relief
- School Bus Purchase Reimbursement

**Non-Reimbursable Grants**

Special Revenue Funds

- Auxiliary Services
- Education Management Information Systems
- Public School Preschool
- Disadvantaged Pupil Impact Aid
- Title I
- Title IV
- Special Education Grants to States Cluster
- Safe, Drug-Free Schools
- Eisenhower Professional Development
- Professional Development Block Grant
- Goals 2000 Intervention
- Schoolnet Professional Development
- Soar Grant
- Wellness Block Grant
- Venture Capital Grant



**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

Proprietary Funds  
Enterprise Funds  
    Government Donated Commodities  
Capital Projects Funds  
    School Net

**Reimbursable Grants**

General Fund  
    Driver Education  
Proprietary Funds  
    Nutrition Cluster Grant Programs

Grants and entitlements amounted to approximately 44% of the District's operating revenue during the 2000 fiscal year.

**K. Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**L. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for classified employees, certified employees, and administrators after five years of current service with the District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**N. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**O. Fund Balances Reserves**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, prepaid items, contributions to the nonexpendable trust fund that must be kept intact, and HB412 reserves, such as textbooks and instructional materials, capital improvements, and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

**P. Total Columns on General Purpose Financial Statements**

Total columns on the general-purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**3. BUDGETARY PROCESS**

**A. Tax Budget**

Prior to January 15, the Superintendent and Treasurer submit a proposed operating budget to the Board of Education. A budget of estimated resources and expenditures is submitted to the Jefferson County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

**B. Estimated Resources**

The County Budget Commission determines if the budget substantiated a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official Certificate of Estimated Resources which state projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental and Similar Fiduciary Fund Types" do not include July 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

**C. Appropriations**

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund and function level and may be amended during the year as new information becomes available provided that the total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental and Similar Fiduciary Fund Types" represent the final appropriation amounts including all amendments and modifications.

**D. Lapsing of Appropriations**

At the close of each year, the unencumbered balance of each appropriation reverts to the respective funds from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balances are carried forward to the succeeding fiscal year and need not be reappropriated.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**3. BUDGETARY PROCESS (Continued)**

**E. Encumbrances**

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the generally accepted accounting principles (GAAP) basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent year expenditures.

**F. Budgetary Basis of Accounting**

While reporting financial position, results of operations, and changes in fund balances on the GAAP basis, the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental and Similar Fiduciary Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) rather than when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditure/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
4. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The District repays debt from the debt service fund (budget non-GAAP basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The adjustments necessary to convert the results of operations for the fiscal year from the budget basis to the GAAP basis for the governmental funds follow:

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**3. BUDGETARY PROCESS (Continued)**

**Excess(Deficiency) of Revenues Over Expenditures and Other  
Sources (Uses) Reconciliation of Budget Basis to GAAP Basis**

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Capital Projects Fund</b>	<b>Expendable Trust Funds</b>
Budgetary Basis	\$ (491,827)	\$ (97,194)	\$ 135,602	\$ 3,593
Encumbrances	771,784	89,540	37,180	638
Revenue Accruals	(263,396)	(175,030)		
Expenditure Accruals	<u>(571,580)</u>	<u>(44,029)</u>	_____	<u>599</u>
GAAP Basis	<u>\$ (555,019)</u>	<u>\$ (226,713)</u>	<u>\$ 172,782</u>	<u>\$ 4,830</u>

**4. COMPLIANCE**

Ohio Revised Code § 5705.41(B) states that no subdivision shall expend money unless it has been lawfully appropriated. The District failed to appropriate all expenditures.

Ohio Administrative Code § 117-2.13(b) states that the school district shall post to each appropriation account an amount equal to the amount appropriated for that account in the annual appropriation resolution. The amounts posted to the appropriation accounts did not equal the amounts appropriated.

**5. 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 two 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 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 invested in the following obligations. In general, investments must mature or be redeemable within two years from the date of purchase.

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25% of the interim monies available for investment at any one time.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

**Deposits:** At fiscal year end, the carrying amount of the District's deposits was \$125,156 and the bank balance was \$132,861. Of the bank balance, \$125,908 was covered by federal depository insurance and \$6,953 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

**Funds Held by Fiscal Agent:** The District participates in the Ohio Mid-Eastern Regional Educational Service Agency School Employees Insurance Consortium for employee benefits. The bank balance at fiscal year end for the Employee Benefit Self-Insurance fund was \$345,910. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**Investments**

The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The district's investment in STAROhio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<b>Category 3</b>	<b>Carrying Value</b>	<b>Fair Value</b>
Repurchase Agreement	\$ 3,430,000	\$ 3,430,000	\$ 3,430,000
Mooney Market	244	244	244
Mutual Funds	37,619	37,619	37,619
STAROhio	<u>5</u>	<u>5</u>	<u>5</u>
Totals	<u>\$ 3,467,863</u>	<u>\$ 3,467,868</u>	<u>\$ 3,467,868</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents</b>	<b>Investments</b>
GASB Statement No. 9	\$ 3,593,024	
Investments:		
Repurchase Agreement	(3,430,000)	\$ 3,430,000
STAROhio	(5)	5
Money Market	(244)	244
Mutual Funds	<u>(37,619)</u>	<u>37,619</u>
GASB Statement No. 3	<u>\$ 125,156</u>	<u>\$ 3,467,868</u>

**6. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new 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 taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. public utility property taxes

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**6. PROPERTY TAXES (Continued)**

attached as a lien on December 31 of the prior year, were levied April 1 and are collected with property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed, with certain exceptions, on tangible personal property at 88% of true value and on real property at 35% of true value.

Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the prior year. Tangible personal property assessments are 25% of true 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.

Tangible personal property taxes paid 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.

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, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$1,846,870 in the General Fund.

The assessed values upon which fiscal year 2000 taxes were collected are:

	<b>2000 First-Half Collections</b>		<b>1999 Second-Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agriculture/Residential	\$151,199,860	56.35%	\$148,221,010	54.51%
Commercial/Industrial	41,293,590	15.39%	40,430,350	14.87%
Public Utility	556,040	.21%	499,850	.18%
Tangible Personal Property	<u>75,287,334</u>	<u>28.05%</u>	<u>82,784,143</u>	<u>30.44%</u>
Total Assessed Value	<u>\$268,336,824</u>	<u>100.00%</u>	<u>\$271,935,353</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$39.10</u>		<u>\$39.10</u>	



**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**7. RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, accounts (rent and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current fiscal year guarantee of federal funds.

**8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the District contracted with Harcum Insurance Company for general liability insurance and for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Harcum Insurance Company are as follows:

<b>Description</b>	<b>Amount</b>
Building and Contents-replacement cost (\$1,000 deductible)	\$34,836,600
Inland Marine Coverage (\$250 deductible)	21,000
Tractor	192,894
Musical Instruments	7,669,100
Boiler and Machinery (\$1,000 deductible)	100,000
Damage	15,000
Business Income	1,000,000
Crime Insurance (\$250 deductible)	1,000,000
Automotive Liability (\$50/\$100 deductible)	1,000,000
Uninsured Motorists (\$50/\$100 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

For fiscal year 2000, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The District is a member of the Ohio Mid-Eastern Regional Education Service Agency Health Benefit Plan, a public entity risk management insurance, and claims servicing pool, consisting of school districts throughout Ohio, 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 \$240,300 reported in the internal service fund at June 30, 2000 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the past fiscal year is as follows:

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

	<b>Balance Beginning of Year</b>	<b>Current Year Claims</b>	<b>Claims Payments</b>	<b>Balance at End of Year</b>
2000	\$ <u>228,858</u>	\$ <u>1,672,947</u>	\$ <u>(1,661,505)</u>	\$ <u>240,300</u>
1999	\$ <u>221,721</u>	\$ <u>1,468,412</u>	\$ <u>(1,461,275)</u>	\$ <u>228,858</u>

**9. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Indian Creek School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%; 10.5% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$311,232, \$285,126, and \$365,916, respectively; 50% has been contributed for fiscal year 2000 and 100% for the fiscal years 1999 and 1998. \$155,616, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The Indian Creek School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 6% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$985,848, \$872,906, and \$1,429,511, respectively; 83% has been contributed for fiscal year 2000 and 100% for fiscal years 1999 and 1998. \$164,308 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, no employees or Board members chose to participate in the Social Security System.

**10. POST-EMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS) and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio laws, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The board currently allocates employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid.

For the District, this amount equaled \$571,792 during the 2000 fiscal year. As of June 30, 1999 (the latest information available) eligible benefit recipients totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 6.30% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the District, this amount equaled \$140,054 during the 2000 fiscal year.

The target level for the health care reserve is 150 percent of annual health care expenses. For the fiscal year ended June 30, 1999 (the most recent information available) net health care costs paid by SERS were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**11. EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 212 days for all personnel. Upon retirement, payment is made for 35% of accrued, but unused sick leave credit to a maximum of 40 days for classified employees and 40 days for certified employees.

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Company.

**12. LONG-TERM OBLIGATIONS**

The changes in the District's long-term obligations during fiscal year 2000 were as follows:

	<b>Principal Outstanding 7/1/99</b>	<b>Additions</b>	<b>Deletions</b>	<b>Principal Outstanding 6/30/00</b>
Long-Term Notes:				
Asbestos Removal Notes	\$ 150,115		\$ (13,054)	\$ 137,061
Pension Obligation Payable	88,418	\$ 7,757		96,175
Compensated Absences	971,422	305,262		1,276,684
Capital Lease	<u>47,787</u>	<u>          </u>	<u>(47,787)</u>	<u>          </u>
Total general long-term obligations	<u>\$1,257,742</u>	<u>\$ 313,019</u>	<u>\$ (60,841)</u>	<u>\$1,509,920</u>

EPA Asbestos Loan - On May 30, 1993, Indian Creek School District obtained a loan in the amount of \$234,965 for the purpose of providing asbestos removal for the District. 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 debt service fund.

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 effects of these debt limitations at June 30, 2000 are a voted debt margin of \$24,013,253 and an unvoted debt margin of \$268,337.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**13. FIXED ASSETS AND DEPRECIATION**

**A. General Fixed Assets Account Group**

The changes in general fixed assets during the year consisted of:

	<b>Balance 7/1/99</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/00</b>
Lands, buildings and improvements	\$24,908,828	\$ 19,519	\$ 2,554,013	\$22,374,334
Furniture and equipment	4,448,866	278,594		4,727,460
Vehicles	1,438,619			1,438,619
Text books	<u>1,984,548</u>	_____	_____	<u>1,984,548</u>
<b>Total</b>	<b><u>\$32,780,861</u></b>	<b><u>\$ 298,113</u></b>	<b><u>\$ 2,554,013</u></b>	<b><u>\$30,524,961</u></b>

**B. Proprietary Fund Type Fixed Assets**

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

<b>Enterprise</b>	
Equipment	\$ 328,395
Less: Accumulated Depreciation	<u>(325,517)</u>
Net fixed assets	<u>\$ 2,878</u>

**14. INTERFUND ACTIVITY**

**A. Cash Advances Not Repaid**

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

<b>Fund Type/Fund</b>	<b>Receivables</b>	<b>Payables</b>
General Fund	\$ 200,220	
Special Revenue Funds:		
Principal's Fund		\$ 2,000
Venture Capital Grant		1,822
Title I		41,774
Title VI-B		13,065
Drug Free School		75
School to Work	_____	<u>76,972</u>
Total Special Revenue		135,708

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**14. INTERFUND ACTIVITY (Continued)**

Trust and Agency Funds:		
Expendable Trust		5,174
Student Activities		<u>1,298</u>
Total Trust and Agency		6,472
Enterprise Fund:		
Food Service	_____	<u>58,040</u>
Total Enterprise	_____	<u>58,040</u>
Total All Funds	\$ <u>200,220</u>	\$ <u>200,220</u>

**B. Reconciliation of Interfund Transfers**

Fund Type	Transfers-In	Transfers-Out
General	\$ 24,211	\$ (963,881)
Special Revenue	200,616	
Debt Service	13,054	
Capital Projects	725,000	
Expendable Trust	<u>1,000</u>	_____
Total All Fund Types	\$ <u>963,881</u>	\$ <u>(963,881)</u>

**15. SEGMENT INFORMATION**

The District maintains enterprise funds to account for the operations of food service, uniform school supplies, and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Indian Creek Local School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform Supplies	Adult Education	Total Enterprise Funds
Operating Revenues	\$ 255,547	\$ 30,413	\$ 14,680	\$ 300,640
Operating Expenses	434,684	28,993	27,194	490,871
Depreciation	320			320
Operating Income (Loss)	(179,457)	1,420	(12,514)	(190,551)
Federal Donated Commodities	43,787			43,787
Operating Grants	215,798			215,798
Net Income (Loss)	82,729	1,420	(12,514)	71,635
Net Working Capital	(39,026)	10,731	25,392	(2,903)
Total Assets	78,252	10,731	25,638	114,621
Total Equity	(36,148)	10,731	25,392	(25)

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS**

**A. Ohio Mid-Eastern Regional Education Services Agency**

The District is a participant with several other school districts in a jointly governed organization to operate the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA). OME-RESA was formed for the purpose of providing computer services. OME-RESA is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. The District does not have an ongoing financial interest or responsibility in OME-RESA.

**B. Jefferson County Joint Vocational School District**

The Jefferson County Joint Vocational School, (JVS), District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the JVS's participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write the Jefferson County Joint Vocational School District, Office of the Treasurer, Jefferson County Highway 22, Bloomingdale, Ohio 43910-9781.

**17. INSURANCE PURCHASING POOL**

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

**18. CONTINGENCIES**

**A. Grants**

The District receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

**B. Litigation**

The District is party to legal proceedings. The District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the District.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**19. SCHOOL FUNDING ISSUE**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$5,259,372 of school foundation support for its general fund and \$441,158 in its special revenue, DPIA Fund.

Since the supreme court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined that they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the states reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continue the case until June 15, 2001.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this Program and on its financial operations.

**20. SET-ASIDE REQUIREMENTS**

The District is required by State statute to annually set aside an amount based on prior year revenues for the purchase of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by year-end or offset by similarly restricted sources must be held in cash at year-end and carried forward to be used for the same purpose in future years. Amounts are also to be set aside if the District's base amount used for the yearly set-aside calculation increases three percent (3%) or more from the prior year. This amount is included in the budget stabilization reserve.

The following information describes the changes in the amounts set aside for textbooks and instructional materials, capital improvements and budget stabilization from the end of the prior year to the end of the current year.



**INDIAN CREEK LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**20. SET-ASIDE REQUIREMENTS (Continued)**

	<b>Textbooks</b>	<b>Capital Improvement</b>	<b>Budget Reserve</b>	<b>Total</b>
Set-aside Balance as of 6/30/00			\$ 325,000	\$ 325,000
Current year set-aside requirement	\$ 352,915	\$ 352,915		705,830
Current year offsets	(34,159)	(658,800)		(692,959)
Qualifying expenditures	<u>(387,440)</u>	<u>(791,641)</u>	_____	<u>(1,179,081)</u>
Totals	(68,684)	\$(1,097,526)	325,000	(841,210)
Cash balance carried forward to Fiscal year 2000	<u>\$ (68,684)</u>	=====	<u>\$ 325,000</u>	<u>325,000</u>
Amount restricted for budget stabilization				\$ <u>325,000</u>
Total restricted assets				\$ <u>325,000</u>

The District had qualifying expenditures during the year that reduced the set-aside amount in the textbook and instructional materials below zero. The extra amount may be used to reduce the set-aside requirement of future years. However, the negative amount in the capital improvement set-aside may not be used to reduce the set-aside requirements of future years.

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**INDIAN CREEK LOCAL SCHOOL DISTRICT  
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**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Program	CFDA #	Pass-through Agency Awarding Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution	10.550	N/A		\$44,941		\$44,941
School Breakfast Program	10.553	N/A	\$41,487		\$41,487	
National School Lunch Program	10.555	N/A	159,183		159,183	
Special Milk Program for Children	10.556	N/A	1,696		1,696	
Total U.S. Department of Agriculture			202,366	\$44,941	202,366	\$44,941
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Title I Grants to Local Education Agencies	84.010	C1-S1-98C C1-S1-99 C1-S1-99C C1-S1-00	53,850 110,342 27,533 255,488		61,915 101,347 25,679 173,247	
Total Title I Grants to Local Education Agencies			447,213		362,188	
Innovative Education Program Strategies	84.298	C2-S1-99 C2-S1-99C C2-S1-00	(5,038) 6,996 13,439		6,019 6,585 10,800	
Total Innovative Education Program Strategies			15,397		23,404	
Eisenhower Professional Development State Grants	84.281	MS-S1-99 MS-S1-00	571 11,611		7,876 8,569	
Total Eisenhower Professional Development State Grants			12,182		16,445	
Special Education Cluster:						
Special Education Preschool Grant	84.173	PG-S1-99 PG-S1-00	(925) 24,485		5,825 14,050	
Total Special Education Preschool Grant			23,560		19,875	
Special Education Grants to States	84.027	6B-SF-99 6B-SF-00			24,621 114,480	
Total Special Education Grants to States			136,277		139,101	
Total Special Education Cluster			159,837		158,976	
Safe and Drug-Free Schools and Communities State Grants	84.186	DR-S1-99 DR-S1-99C DR-S1-00	(4,996) 4,996 9,947		9,303 4,000	
Total Safe and Drug-Free Schools and Communities State Grants			9,947		13,303	
Goals 2000 State and Local Education Systematic Improvement Partnership 2000 Performance Incentive Grant	84.276	G2S-199 G2-S1-99P G2-S1-2000			7,965 29,514 17,320	
Family and School Partnership		G2-S4-99	15,000		13,122	
Total Goals 2000 State and Local Education Systematic Improvement			52,898		67,921	
Employment Services and Job Training Pilot	17.249	STW-2000	15,785		92,757	
Learn and Serve America School and Community Based	94.004	SVS-298 SVS-299			1,732 26,177	
Total Learn and Serve American School and Community Based			15,000		27,909	
Title VIR - Classroom Reduction	84.340	CR-S1-2000	21,617		32,984	
Architectural and Transportation Barriers Compliance Board	88.001	FY 99	5,799			
Total U.S. Department of Education			755,675		795,887	
<b>Total Federal Financial Assistance</b>			<b>\$958,041</b>	<b>\$44,941</b>	<b>\$998,253</b>	<b>\$44,941</b>

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

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2000**

**A. SIGNIFICANT ACCOUNTING POLICIES**

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

**B. NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported on the Schedule at the fair value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are comingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL 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 Indian Creek Local School District, Jefferson County, (the District) as of and for the year ended June 30, 2000, and were unable to form an opinion regarding Special Revenue Fund Type amounts of budgeted expenditures in the accompanying combined statement of revenue, expenditures and changes in fund balances budgeted and actual as of and for the year ended June 30, 2000, and have issued our report thereon dated January 29, 2001, which is qualified due to a lack of supporting documentation supporting budgeted expenditure amounts. Except as discussed in the preceding sentence we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings as item 00-11241-001 and 00-11241-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 29, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 00-11241-003 and 00-11241-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider both of the conditions described above, items 00-11241-003 and 00-11241-004, to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter dated January 29, 2001.

This report is intended for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

January 29, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND 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, Jefferson County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each major federal program is the responsibility of the District's management. 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 generally accepted auditing standards; 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that 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.

As described in items 00-11241-005 and 00-11241-006 in the accompanying schedule of findings, Indian Creek Local School District did not comply with requirements regarding reporting and period of availability that are applicable to its Title 1 and Goals 2000 programs. Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Indian Creek Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2000.

### **Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with applicable requirements of laws, regulation, contracts and grants. The reportable conditions are described in the accompanying schedule of findings as items 00-11241-007 and 00-11241-008.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 00-11241-007 to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

January 29, 2001



**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2000**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(d)(1)(i)	Type of Financial Statement Opinion.	Qualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level. (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level. (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion.	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list): Title I School to Work Goals 2000	CFDA #84.010 CFDA #17.249 CFDA #84.276
(d)(1)(viii)	Dollar Threshold: Type A/B Programs:	A>\$300,000 B-ALL REMAINING PROGRAMS
(d)(1)(ix)	Low Risk Auditee?	NO

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
JUNE 30,2000  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>
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<b>00-11241-001</b>
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**Ohio Revised Code § 5705.41 (B)** states that no subdivision shall expend money unless it has been lawfully appropriated. The District failed to approve temporary appropriations until October 1999. As a result, all expenditures from July 1, 1999 through September 30, 1999, approximately 22% of fiscal year 2000 expenditures exceeded appropriations.

The District should approve temporary appropriations, as appropriations establish the legal spending authority of the District.

<b>Finding Number</b>
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<b>00-11241-002</b>
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**Ohio Administrative Code § 117-2-13(b)** states that a school district shall post to each appropriation account an amount equal to the amount appropriated for that account in the annual appropriation resolution. The annual appropriations were passed at the fund/function level for the General Fund Type and at the fund level for all other funds types. The fund/function amounts posted to the General Fund Type appropriations ledger did not equal the amount appropriated for each fund/function account per the resolution. The fund total amounts posted to the appropriation ledger for all other funds did not equal the amount approved for each fund per the resolution.

As the appropriation resolution establishes the legal spending authority of the District and the appropriation ledger provides the process by which the District controls spending, it is necessary that the amounts appropriated by the Board of Education are posted accurately to the appropriation ledger. The Treasurer should post to each appropriation account and/or fund an amount equal to the amount appropriated for that account or fund in the annual appropriation resolution.

<b>Finding Number</b>
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<b>00-11241-003</b>
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**Appropriations/Estimated Resources Amendments**

Amendments to the appropriations and estimated resources were not accurately posted. As a result, budget vs. actual comparisons made from the District's ledgers were not an accurate reflection of the District's financial activity. Inaccurate data renders the District's ledgers ineffective as a budgetary monitoring tool and diminishes control the Board has over managing the finances of the District.

All budgetary information certified by the Budget Commission or authorized by the Board of Education should be routinely posted to the records. The Treasurer should continuously supervise this function by inspecting official documents from the county budget commission and appropriation resolutions approved by the board to ensure accurate amounts are posted. This would provide an effective means of monitoring the financial activity of the District at any given time and help ensure overspending does not occur.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
JUNE 30,2000  
(Continued)**

<b>Finding Number</b>	<b>00-11241-004</b>
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**Allocating and Monitoring Appropriations Below the Legal Level of Control**

Auditor of State Bulletin 97-10 defines the legal level of control as “the lowest level at which a government’s management may not reassign resources without legislative approval.” In Ohio, the legal level of control is the level at which the appropriation measure is passed by the legislative authority of a local government. The District Board of Education appropriates the General Fund at the fund/ function level of control and all other funds at the fund level of control.

By passing appropriations at the fund level, the District Treasurer may allocate appropriations to functions within any fund, except the General Fund, without the approval of the Board of Education. The District has not adopted any process by which, appropriations will be allocated and monitored below the fund level. As a result, the Treasurer allocated certain fund level appropriations to lower levels (e.g., function and object level), in amounts that exceeded the fund level appropriations established by the Board. Accordingly, accounting and budgetary reports used to monitor the District’s financial activity contained appropriation amounts which were not approved by the Board.

The District should establish a process for allocating and monitoring appropriations to levels below the legal level of control. The District should also institute a method of comparing the reported amounts of appropriations to the total fund appropriations, which had been approved in the permanent appropriation resolution and any amendments thereto. By adopting a method of allocating and monitoring the appropriations below the legal level of control, the District could more effectively control the budgeting process.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	<b>00-11241-005</b>
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**Federal Expenditure Reports**

The Ohio Department of Education’s Federal Fiscal Report Procedures Manual requires that actual expenditure amounts be presented in project cash requests and final expenditure reports. In addition, it requires that the Final Expenditure Report be submitted for each project immediately after all the obligations have been liquidated. The report is due no later than sixty days after the end of the project period. Expenditures per the Final Expenditure Report did not agree to the District’s ledgers for the following programs:

1. Award #047803C1-S1-00  
Ohio Department of Education  
C.F.D.A. 84.010 Title 1  
Award: \$399,203

Expenditures presented in the project cash requests were not accurate. Expenditures reported per request #1 were \$132,345.88. Actual expenditures per the District ledgers were \$0.00. Cash request #2 reported expenditures of \$125,122.88, while actual expenditures per the ledgers were \$118,524.15.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
JUNE 30,2000  
(Continued)**

- 2. Award #047803C1-S1-99  
Ohio Department of Education  
C.F.D.A. 84.010 Title 1  
Award: \$365,344

The final expenditure report for the fiscal year 1999 Title 1 grant was timely but inaccurate. The reported expenditures of \$315,776 should have been \$246,914, an overstatement of \$68,862

- 3. Award #047803G2-S4-99P  
Ohio Department of Education  
C.F.D.A. 84.276 Partnership Schools Award, Goals 2000  
Award: \$ 15,000

The final expenditure report for the fiscal year 1999 Partnership Schools Award grant was submitted 212 days past the date due and expenditures were overstated by \$1,025.

Inaccuracies and the late submission of federal expenditure reports could jeopardize future federal funding from the Ohio Department of Education.

The Treasurer should verify all amounts per the ledgers and utilize a calendar to ensure that all required reports are completed and submitted by the required date to avoid suspension or loss of funds.

<b>Finding Number</b>	<b>00-11241-006</b>
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**Period of Availability**

Code of Federal Regulations Sections 76.704 through 76.707 state that a Local Education Agency (LEA's) must obligate grant funds during a twenty-seven (27) month period extending from July 1 through September 30 of the second following fiscal year. This maximum period includes a 15 month period of initial availability plus a 12 month period for carryover.

The District spent funds from the Title I and Partnership Schools Grant and Goals 2000, fiscal year 1999 grants outside the period of availability. The Title 1 grant agreement provides the District with the opportunity to request a carryover period and the District requested a carryover to expend \$49,568, however the amount available for carryover was \$118,430. The entire \$118,430 was spent during the carryover period approved for \$49,568. Therefore, of the original Title 1 1999 award amount of \$365,344, the District spent \$68,862 outside the period of availability. Of the original Partnership Schools Grant, Goals 2000, 1999 award amount of \$15,000, the District also spent \$4,461 outside the period of availability.

Because these funds were expended beyond the period of availability as provided by the grant agreements, \$68,862 of the Title 1 grant and \$4,461 of the Partnership Schools grant are considered questioned costs. Grant funds should be monitored closely to ensure monies are spent within the period of availability.

**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
JUNE 30,2000  
(Continued)**

<b>Finding Number</b>	<b>00-11241-007</b>
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**Grant Accounting Procedures**

The District uses the Uniform School Accounting System (USAS), an accounting and budgetary system that provides a chart of accounts and funds by which all receipts and expenditures should be recorded. Each grant budget is established using the USAS fund, special cost center, and account structure. Though the District established separate funds for each federal program, and cost centers within each fund to account for each program year, the Treasurer did not record all grant transactions in the specified fund and special cost center. Rather, certain transactions were recorded in non grant funds. This practice contributed to the conditions noted in findings 00-11241-005 and 00-11241-006.

Accounting records are the source of information for preparation of federal reports. If grant activity is not accurately accounted for and in the format of the established budget, the District's ability to properly report all grant financial activity to the grantor and to ensure compliance with all federal requirements is weakened.

The District Treasurer should record all grant financial activity according to USAS codes and the grant budget. Accounting for grant activity correctly and accurately will provide an effective means of providing precise reports to the grantor and establishing controls to comply with compliance requirements.

<b>Finding Number</b>	<b>00-11241-008</b>
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**Monitoring Federal Programs**

Not all federal programs are administered by the District's Federal Program Coordinator. The Goals 2000 grants were administered by a grant contact person. The administration of these grants was not monitored by the Federal Coordinator. For example, monthly and final expenditure reports were not reviewed by the Federal Program Coordinator, reports were not submitted to the grantor on a timely basis, nor were the financial transactions recorded properly. These conditions resulted in incomplete files and noncompliance issues, including late report submission and spending beyond the period of availability.

When grants are not properly monitored by the appropriate personnel, the grants may not be properly administered or accounted for which could result in loss of federal funding.

Each grant should be monitored by the District's Federal Coordinator to ensure that the District complies with all grant requirements and that grants revenues and expenditures are accurately reported to the grantor agency.

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**INDIAN CREEK LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
99-11241-01	Failed to post temp. appropriations. No appropriations posted until 9/1/98	No	Not corrected-did not post any appropriations to the ledgers until October 1999. All expenditures for July, August, and September were illegal.
99-11241-02	Athletic Director did not maintain documentation to support gate ticket sales at football games.	Yes	Utilizing new game revenue sheets that indicate first and last tickets numbers, tickets are attached to sheet, and amount charged for each ticket.
99-11241-03	Reconciliation out of balance for nine months of the audit period.	Yes	Opened new account, review of ledger indicated no postings to miscellaneous revenue that could not be substantiated. New treasurer is in balance.
99-11241-04	Amendments to appropriations and estimated resources were not accurately posted to ledgers.	Partially corrected	Interim Treasurer had Board adopt new appropriations for General Fund in April 2000.
99-11241-05	Title I final expenditure report not submitted timely, funding suspended.	Partially Corrected	Corrective action taken, report was submitted timely, however, amounts reported did not match the ledgers. This resulted in a qualification for the Title I program.





**Finding Number 00-11241-003**

Amendments to the appropriations and estimated resources were not accurately posted.

Corrective Action: As stated in the response to Finding 002, corrections were made as soon as possible after I was employed to do the work. It is my belief that for FY01 these procedures are correct.

**Finding Number 00-11241-004**

Appropriations were passed at the fund level, except for General Fund, and fund level appropriations were allocated to lower levels in amounts which exceeded approvals. A process should be established for allocating and monitoring below the legal level of control.

Corrective Action: All appropriations for FY01 are at the appropriation level for all fund groups. The Board has granted authority for the Treasurer to allocate within the appropriation at the budget level only. It will not be necessary for the Board to establish a process for allocating and monitoring appropriations below the legal level of control, because the Treasurer has appropriated at the legal level. We are very aware of the benefits of letting accounts control spending decisions.

**Finding Number 00-11241-005**

Actual expenditure amounts must be presented in project cash requests for Federal grants and Final Expenditure Reports (FER's) must be submitted immediately after obligations are liquidated. The report is due within 60 days after the project period ends. FER's did not agree with ledgers and were not submitted in a timely manner.

Corrective Action: Cash requests and FER's for all new grant money received in FY01 will be handled correctly. I am aware of the discrepancies for previous grants.

**Finding Number 00-11241-006**

Grant funds were spent beyond the time limit of availability

Corrective Action: Correct procedures will be followed for all new grant money received in FY01. I am aware of the discrepancies for previous grants.

**Finding Number 00-11241-007**

Grant transactions were not recorded in the specific fund and special cost center where they belonged, and some grant transactions were recorded in non-grant funds.

Corrective Action: Soon after I was employed, I realized that the stated problem existed. Before the end of June, I corrected many entries so I could determine at least the balance of each fund, but there were so many errors that I could not possibly get everything corrected. Correct procedures are being followed for all new grant money received in FY01.

**Finding Number 00-11241-008**

Not all Federal programs are administered by the District's Federal Programs Coordinator, resulting in incomplete files, noncompliance issues, late reports, and spending beyond the availability period.

Corrective Action: One person has been designated by the Board as the coordinator for all grants.

Respectfully submitted,

A handwritten signature in cursive script that reads "Martha Sisler".

Martha Sisler  
Treasurer, Indian Creek School District



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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**INDIAN CREEK LOCAL SCHOL DISTRICT**

**JEFFERSON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 8, 2001**