



Mary Taylor, CPA  
Auditor of State



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian Lake Local School District, Logan County (the District), as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Indian Lake Local School District, Logan County, as June 30, 2009, and the respective changes in modified cash financial position and the respective budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

**Mary Taylor, CPA**  
Auditor of State

October 28, 2009

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

The management's discussion and analysis of the Indian Lake Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009, within the limitations of the District's modified cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the modified cash basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2009 are as follows:

- The total net cash assets of the District decreased \$11,655,819 or 47.03% from fiscal year 2008. The large decrease is due to cash disbursements related to the District's construction project.
- General cash receipts accounted for \$21,568,607 or 87.50% of total governmental activities cash receipts. Program specific cash receipts accounted for \$3,081,512 or 12.50% of total governmental activities cash receipts.
- The District had \$36,305,938 in cash disbursements related to governmental activities; \$3,081,512 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts of \$21,568,607 were not sufficient to cover the remaining cash disbursements of \$33,224,426.
- The District's major funds are the General Fund, the Bond Retirement Fund, the Building Fund and the Permanent Improvement Fund. The General Fund, the District's largest major fund, had cash receipts and other financing sources of \$16,324,092 in 2009. The cash disbursements and other financing uses of the general fund, totaled \$16,343,016 in 2009. The General Fund's cash balance decreased \$18,924 from 2008 to 2009.
- The Bond Retirement Fund, a major fund, had cash receipts and other financing sources of \$5,636,418 in 2009. The Bond Retirement Fund had cash disbursements of \$5,639,983 in 2009. The Bond Retirement Fund cash balance decreased \$3,565 from 2008 to 2009.
- The Building Fund, a major fund, had cash receipts of \$357,784 in 2009. The Building Fund had cash disbursements of \$11,979,767 in 2009. The Building Fund cash balance decreased \$11,621,983 from 2008 to 2009.
- The Permanent Improvement Fund, a major fund, had cash receipts of \$220,735 in 2009. The Permanent Improvement Fund had cash disbursements of \$129,325 in 2009. The Permanent Improvement Fund cash balance increased \$91,410 from 2008 to 2009.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)  
(Continued)**

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

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

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

**Reporting the District as a Whole**

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

The statement of net assets – modified cash basis and the statement of activities – modified cash basis answer the question, "How did we do financially during 2009?" These statements include only net assets using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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

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

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

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



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)  
(Continued)**

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

**Fund Financial Statements**

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

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

**Governmental Funds**

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

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

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

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

**Fiduciary Funds**

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

**Notes to the Financial Statements**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)  
(Continued)**

**Government-Wide Financial Analysis**

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

The table below provides a summary of the District's net cash assets for 2009 and 2008.

<b>Change in Net Cash Assets</b>		
	<b>Governmental Activities 2009</b>	<b>Governmental Activities 2008</b>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 12,145,396	\$ 12,446,516
Investments	982,470	12,337,169
<b>Total Assets</b>	<b>13,127,866</b>	<b>24,783,685</b>
<b>Net Assets</b>		
Restricted	7,945,404	19,623,310
Unrestricted	5,182,462	5,160,372
<b>Total Net Assets</b>	<b>\$13,127,866</b>	<b>\$24,783,682</b>

The total net cash assets of the District decreased \$11,655,819, which represents a 47.03% decrease over fiscal year 2008.

The balance of government-wide unrestricted net cash assets of \$5,182,462 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash assets for fiscal year 2009 and 2008.

<b>Change in Net Cash Assets</b>		
	<b>Governmental Activities 2009</b>	<b>Governmental Activities 2008</b>
<b>Cash Receipts:</b>		
<b>Program Cash Receipts:</b>		
Charges for Services and Sales	\$ 1,300,530	\$ 1,324,779
Operating Grants and Contributions	1,759,105	1,719,731
Capital Grants and Contributions	21,877	25,576
<b>Total Program Cash Receipts</b>	<b>3,081,512</b>	<b>3,070,086</b>
<b>General Cash Receipts:</b>		
Property and Other Taxes	10,643,152	10,535,400
Unrestricted Grants	6,935,082	6,606,245
Sale of Notes		3,125,000
Sale of Bonds	3,124,999	
Premium on Debt	151,705	18,031
Investment Earnings	439,475	1,105,191
Miscellaneous	274,194	237,670
<b>Total General Cash Receipts</b>	<b>21,568,607</b>	<b>21,627,537</b>
<b>Total Cash Receipts</b>	<b>24,650,119</b>	<b>24,697,623</b>

(Continued)

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)  
(Continued)**

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

	<b>Governmental Activities 2009</b>	<b>Governmental Activities 2008</b>
<b>Cash Disbursements:</b>		
<b>Current:</b>		
<b>Instruction:</b>		
Regular	7,384,346	7,240,084
Special	1,925,715	1,917,145
Vocational	321,753	395,799
Other	1,249,917	1,154,919
<b>Support Services:</b>		
Pupil	590,366	571,022
Instructional Staff	1,000,591	933,373
Board of Education	28,064	28,387
Administration	1,433,529	1,365,906
Fiscal	520,453	525,747
Operations and Maintenance	1,413,831	1,425,161
Pupil Transportation	1,043,043	971,001
Central	340,063	360,118
Operation of Non Instruction	34,932	38,973
Food Service Operations	797,628	722,300
Extracurricular	635,166	614,548
Facilities acquisition and construction	11,999,153	1,634,334
<b>Debt service:</b>		
Principal Retirement	4,265,000	4,670,000
Interest and Fiscal charges	1,213,946	1,184,097
Bond Issuance Costs	108,442	
<b>Total Cash Disbursements</b>	<b>36,305,938</b>	<b>25,752,914</b>
Change in Net Cash Assets	(11,655,819)	(1,055,291)
Net Cash Assets at Beginning of Year	24,783,685	25,838,976
Net Cash Assets at End of Year	<b>\$13,127,866</b>	<b>\$24,783,685</b>

**Governmental Activities**

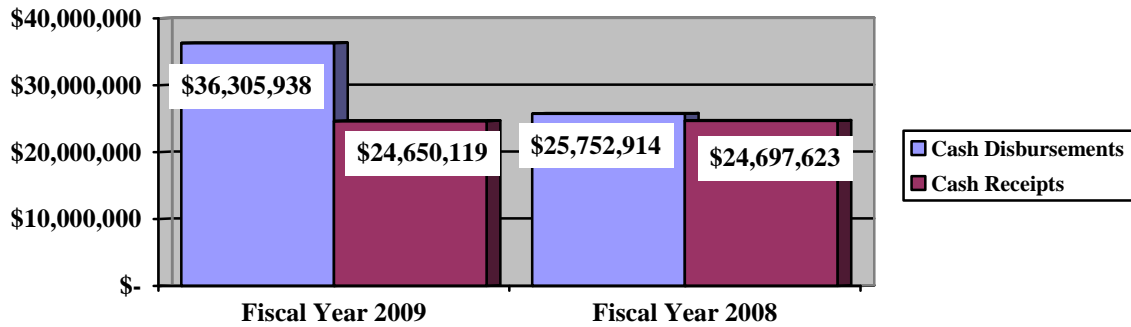
Governmental cash assets decreased by \$11,655,819 in 2009 from 2008. This significant decrease is due to increased facilities acquisition and construction expenditures for the District's construction project. Total governmental expenses of \$36,305,938 were offset by program revenues of \$3,081,512 and general revenues of \$21,568,607. Program revenues supported 8.4% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 71.31% of total governmental revenue. Real estate property is reappraised every six years.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)  
(Continued)**

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



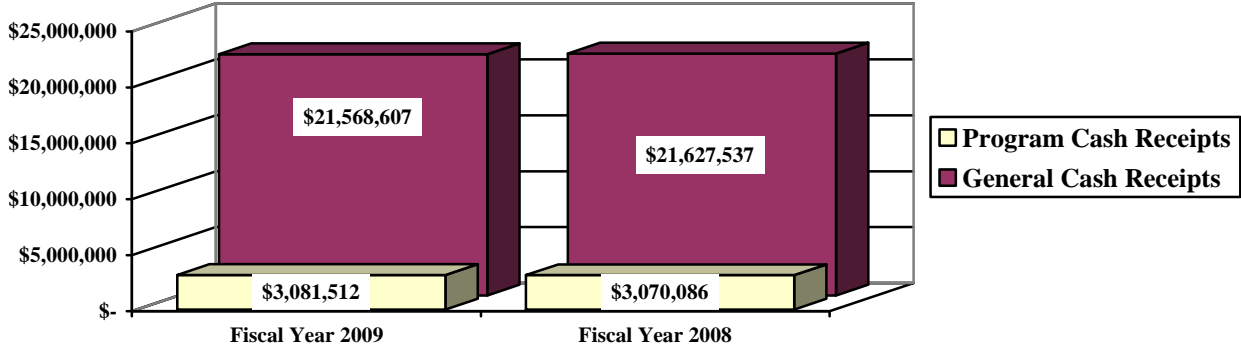
<b>Governmental Activities</b>				
	<b>Total Cost of Services 2009</b>	<b>Net Cost of Services 2009</b>	<b>Total Cost of Services 2008</b>	<b>Net Cost of Services 2008</b>
<b>Cash disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	\$ 7,384,346	\$ 6,559,985	\$ 7,240,084	\$ 6,405,059
Special	1,925,715	1,206,497	1,917,145	1,205,875
Vocational	321,753	293,427	395,799	370,810
Other	1,249,917	1,217,546	1,154,919	1,128,711
<b>Support Services:</b>				
Pupil	590,366	428,481	571,022	383,042
Instructional Staff	1,000,591	824,237	933,373	778,557
Board of Education	28,064	28,064	28,387	28,387
Administration	1,433,529	1,323,454	1,365,906	1,266,941
Fiscal	520,453	520,453	525,747	525,747
Operations and Maintenance	1,413,831	1,401,903	1,425,161	1,415,706
Pupil Transportation	1,043,043	1,016,785	971,001	951,274
Central	340,063	322,765	360,118	326,738
Operation of Non Instruction	34,932	34,932	38,973	38,406
Food Service Operations	797,628	47,782	722,300	(38,019)
Extracurricular	635,166	411,574	614,548	407,163
Facilities Acquisition and Construction	11,999,153	11,999,153	1,634,334	1,634,334
<b>Debt Service:</b>				
Principal Retirement	4,265,000	4,265,000	4,670,000	4,670,000
Interest and Fiscal Charges	1,213,946	1,213,946	1,184,097	1,184,097
Bond Issuance Costs	108,442	108,442		
<b>Total</b>	<b>\$36,305,938</b>	<b>\$33,224,426</b>	<b>\$25,752,914</b>	<b>\$22,682,828</b>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)  
(Continued)**

The dependence upon general cash receipts for governmental activities is apparent; with 91.51% and 88.08% of cash disbursements supported through taxes and other general cash receipts during 2009 and 2008, respectively.

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



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

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

**Governmental Funds**

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

The District's governmental funds reported a combined fund cash balance of \$13,127,866, which is \$11,655,819 below last year's total of \$24,783,685. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2009 and June 30, 2008, for all major and nonmajor governmental funds.

	<b>Fund Cash Balance June 30, 2009</b>	<b>Fund Cash Balance June 30, 2008</b>	<b>Increase (Decrease)</b>
<b>Major funds:</b>			
General	\$ 3,187,756	\$ 3,206,680	(\$ 18,924)
Bond Retirement	1,060,089	1,063,654	(3,565)
Building	6,218,928	17,840,911	(11,621,983)
Permanent Improvement	1,829,082	1,737,672	91,410
Other Non-major Governmental Funds	832,011	934,768	(102,757)
<b>Total</b>	<b>\$13,127,866</b>	<b>\$24,783,685</b>	<b>(\$11,655,819)</b>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)  
(Continued)**

**General Fund**

The General Fund, the District's largest major fund, had cash receipts and other financing sources of \$16,324,092 in 2009. The cash disbursements and other financing uses of the general fund, totaled \$16,343,016 in 2009. The General Fund's cash balance decreased \$18,924 from 2008 to 2009.

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

	<u>2009 Amount</u>	<u>2008 Amount</u>	<u>Percentage Change</u>
<b>Cash receipts:</b>			
Taxes	\$8,613,338	\$8,425,322	2.23 %
Tuition	626,922	649,463	(3.47) %
Earnings on Investments	55,719	279,048	(80.03) %
Classroom Materials and Fees	17,974	22,417	(19.82) %
Other Local Revenues	38,211	78,244	(51.16) %
Intergovernmental - State	6,941,642	6,609,312	5.03 %
Total	<u>\$16,293,806</u>	<u>\$16,063,806</u>	1.43 %

Investment income cash receipts decreased due to less funds invested in interest-bearing accounts and lower interest earnings on investments. Although the percentage increase of both classroom materials and fees and other local revenues was significant, the actual dollar amount of increase was not significant. All other revenue remained comparable to 2008.

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

	<u>2009 Amount</u>	<u>2008 Amount</u>	<u>Percentage Change</u>
<b>Cash Disbursements:</b>			
Instruction	\$9,982,200	\$9,928,028	0.55 %
Support Services	5,733,404	5,589,890	2.57 %
Operation of Non-Instruction Services	34,932	37,465	(6.76) %
Extracurricular	420,880	393,982	6.83 %
Total	<u>\$16,171,416</u>	<u>\$15,949,365</u>	1.39 %

Cash disbursements remained comparable to 2008. Overall, cash disbursements increased \$222,051 from 2008.

**Bond Retirement Fund**

The Bond Retirement Fund, a major fund, accounted for the school facilities construction and improvement general obligation bond issue, and had cash receipts and other financing sources of \$5,636,418 in 2009. The Bond Retirement Fund had cash disbursements of \$5,639,983 in 2009. The Bond Retirement Fund cash balance decreased \$3,565 from 2008 to 2009.

**Building Fund**

The Building Fund, a major fund, had cash receipts of \$357,784 in 2009. The Building Fund had cash disbursements of \$11,979,767 in 2009. The Building Fund cash balance decreased \$11,621,983 from 2008 to 2009 as a result of increased expenditures in 2009 related to the construction of the new elementary building.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)  
(Continued)**

**Permanent Improvement Fund**

The Permanent Improvement Fund, a major fund, had cash receipts of \$220,735 in 2009. The Permanent Improvement Fund had cash disbursements of \$129,325 in 2009. The Permanent Improvement Fund cash balance increased \$91,410 from 2008 to 2009.

**Budgeting Highlights - General Fund**

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

For the General Fund, final budget basis receipts were \$8,632 above original budget estimates of \$16,314,407. Actual cash receipts of \$16,324,092 were greater than final budget estimates by \$1,053. The final budgetary basis disbursements and other financing uses of \$16,757,281 were \$5,648 below original budget estimates. The actual budgetary basis disbursements and other financing uses of \$16,409,027 were \$348,254 less than the final budget estimates.

**Capital Assets and Debt Administration**

**Capital Assets**

The District does not record capital assets in the accompanying modified cash basis basic financial statements, but records payments for capital assets as disbursements. The District had facilities acquisition and construction disbursements of \$11,999,153 during fiscal year 2009.

**Debt Administration**

The District had the following long-term obligations outstanding at June 30, 2009 and 2008:

	<b>Governmental Activities 2009</b>	<b>Governmental Activities 2008</b>
2008 Construction and Improvement Bonds	\$ 3,080,000	
2008 Capital Appreciation Bonds	44,999	
2007 Advance Refunding Bonds	16,605,000	\$16,925,000
2007 Capital Appreciation Bonds	621,887	621,887
2005 Advance Refunding Bonds	6,510,000	7,110,000
2005 Capital Appreciation Bonds	419,990	419,990
1998 Construction and Improvement Bonds		220,000
1998 Capital Appreciation Bonds	149,613	149,613
1996 Capital Appreciation Bonds	979,877	979,877
Total long-term obligations	<u>\$28,411,366</u>	<u>\$26,426,367</u>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)  
(Continued)**

**Current Financial Related Activities**

The challenge for all school districts is to provide a quality education with limited revenue growth. This is even more challenging for a rural district such as Indian Lake Local Schools. With mainly one industry, whose tangible personal property tax is being replaced with the HB 66 approved CAT tax that flows through the state, the District must rely on local taxes and state support even further for future revenue growth. The five-year forecast is predicting a deficit for fiscal year 2012; therefore the Finance Committee, along with the administration, is reviewing options to present to the Board to address that projected deficit. These options include but are not limited to and could be a combination of the following: placing a new emergency levy on the ballot, placing an income tax levy on the ballot, renewing the existing emergency levy by ballot approval, and reducing expenditures.

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

**Contacting the District's Financial Management**

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



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
JUNE 30, 2009**

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$12,145,396
Investments	982,470
Total Assets	<u>13,127,866</u>
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Capital Projects	6,647,969
Debt Service	1,060,089
Other Purposes	237,346
Unrestricted	5,182,462
Total Net Assets	<u><u>\$13,127,866</u></u>

*See accompanying notes to the basic financial statements.*

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Program Cash Receipts			Net (Disbursements) Revenue and Changes in Net Assets	
	Cash Disbursements	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Total
<b>Governmental Activities:</b>					
<b>Instruction:</b>					
Regular	\$7,384,346	\$698,131	\$126,230		(\$6,559,985)
Special	1,925,715		719,218		(1,206,497)
Vocational	321,753		28,326		(293,427)
Other	1,249,917		32,371		(1,217,546)
<b>Support Services:</b>					
Pupil	590,366		161,885		(428,481)
Instructional Staff	1,000,591	4,648	171,706		(824,237)
Board of Education	28,064				(28,064)
Administration	1,433,529	1,482	108,593		(1,323,454)
Fiscal	520,453				(520,453)
Operations and Maintenance	1,413,831	5,587	6,341		(1,401,903)
Pupil Transportation	1,043,043		4,381	21,877	(1,016,785)
Central	340,063		17,298		(322,765)
Operation of Non-Instructional Services	34,932				(34,932)
Food Service Operations	797,628	392,090	357,756		(47,782)
Extracurricular	635,166	198,592	25,000		(411,574)
Facilities Acquisition and Construction	11,999,153				(11,999,153)
<b>Debt Service:</b>					
Principal Retirement	4,265,000				(4,265,000)
Interest and Fiscal Charges	1,213,946				(1,213,946)
Bond Issue Costs	108,442				(108,442)
<b>Total Governmental Activities</b>	<u>\$36,305,938</u>	<u>\$1,300,530</u>	<u>\$1,759,105</u>	<u>\$21,877</u>	<u>(33,224,426)</u>
<b>General Receipts:</b>					
<b>Property and Other Taxes Levied for:</b>					
					8,613,338
General Purposes					2,029,814
Debt Service					6,935,082
Grants and Entitlements not Restricted to Specific Programs					151,705
Premium on Notes					3,124,999
Sale of Notes					439,475
Investment Receipts					274,194
Miscellaneous					<u>21,568,607</u>
Total General Receipts					
Change in Net Assets					(11,655,819)
Net Assets - Beginning of Year					<u>24,783,685</u>
Net Assets - End of Year					<u>\$13,127,866</u>

See accompanying notes to the basic financial statements.

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	General	Bond Retirement	Building	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Equity in Pooled Cash and Cash	\$3,187,756	\$1,060,089	\$5,236,458	\$1,829,082	\$832,011	\$12,145,396
Investments			982,470			982,470
Total Assets	<u>3,187,756</u>	<u>1,060,089</u>	<u>6,218,928</u>	<u>1,829,082</u>	<u>832,011</u>	<u>13,127,866</u>
<b>Fund Balances:</b>						
Reserved for Encumbrances	66,011		4,383,202	19,569	69	4,468,851
Reserved for Debt Service		1,060,089				1,060,089
<b>Unreserved:</b>						
Designated for Termination Benefits					594,665	594,665
Designated for Capital Improvements				1,400,041		1,400,041
<b>Undesignated, Reported in:</b>						
General Fund	3,121,745					3,121,745
Special Revenue Funds					237,277	237,277
Capital Projects Funds			1,835,726	409,472		2,245,198
Total Net Assets	<u>\$3,187,756</u>	<u>\$1,060,089</u>	<u>\$6,218,928</u>	<u>\$1,829,082</u>	<u>\$832,011</u>	<u>\$13,127,866</u>

See accompanying notes to the basic financial statements.

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	General	Bond Retirement	Building	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Cash Receipts:</b>						
<b>From Local Sources:</b>						
Taxes	\$8,613,338	\$2,029,814				\$10,643,152
Tuition	626,922					626,922
Earnings on Investments	55,719		\$357,784	\$25,972	\$7,022	446,497
Charges for Services					392,090	392,090
Extracurricular					203,169	203,169
Classroom Materials and Fees	17,974				59,365	77,339
Other Local Revenues	38,211	27,230		194,763	44,300	304,504
Intergovernmental - State	6,941,642	302,670			67,040	7,311,352
Intergovernmental - Federal					1,368,390	1,368,390
<b>Total Cash Receipts</b>	<b>16,293,806</b>	<b>2,359,714</b>	<b>357,784</b>	<b>220,735</b>	<b>2,141,376</b>	<b>21,373,415</b>
<b>Cash Disbursements:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	6,980,353			5,083	398,910	7,384,346
Special	1,462,548				463,167	1,925,715
Vocational	321,753					321,753
Other	1,217,546				32,371	1,249,917
<b>Support services:</b>						
Pupil	424,528				165,838	590,366
Instructional Staff	815,722				184,869	1,000,591
Board of Education	28,064					28,064
Administration	1,326,333				107,196	1,433,529
Fiscal	467,858	52,595				520,453
Operations and Maintenance	1,378,339			24,699	10,793	1,413,831
Pupil Transportation	969,795			73,248		1,043,043
Central	322,765				17,298	340,063
Operation of Non-Instructional Services	34,932					34,932
Food Service Operations					797,628	797,628
Extracurricular	420,880			6,909	207,377	635,166
Facilities Acquisition and Construction			11,979,767	19,386		11,999,153
<b>Debt Service:</b>						
Principal Retirement		4,265,000				4,265,000
Interest and Fiscal Charges		1,213,946				1,213,946
Bond Issuance Costs		108,442				108,442
<b>Total Cash Disbursements</b>	<b>16,171,416</b>	<b>5,639,983</b>	<b>11,979,767</b>	<b>129,325</b>	<b>2,385,447</b>	<b>36,305,938</b>
Receipts Over (Under) Disbursements	122,390	(3,280,269)	(11,621,983)	91,410	(244,071)	(14,932,523)
<b>Other Financing Sources (Uses):</b>						
Sale of Notes		3,124,999				3,124,999
Premium on Notes		151,705				151,705
Advances In	30,286				30,000	60,286
Advances Out	(30,000)				(30,286)	(60,286)
Transfers In					141,600	141,600
Transfers Out	(141,600)					(141,600)
<b>Total Other Financing Sources (Uses)</b>	<b>(141,314)</b>	<b>3,276,704</b>			<b>141,314</b>	<b>3,276,704</b>
Net Change in Fund Balances	(18,924)	(3,565)	(11,621,983)	91,410	(102,757)	(11,655,819)
Fund balances - Beginning of Year	3,206,680	1,063,654	17,840,911	1,737,672	934,768	24,783,685
Fund balances - End of Year	<u>\$3,187,756</u>	<u>\$1,060,089</u>	<u>\$6,218,928</u>	<u>\$1,829,082</u>	<u>\$832,011</u>	<u>\$13,127,866</u>

See accompanying notes to the basic financial statements.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts:</b>				
Taxes	\$8,625,576	\$8,630,140	\$8,613,338	(\$16,802)
Tuition	626,032	626,363	626,922	559
Earnings on Investments	58,039	58,070	55,719	(2,351)
Classroom Materials and Fees	17,741	17,750	17,974	224
Other Local Revenues	30,984	31,000	38,211	7,211
Intergovernmental - State	6,925,765	6,929,430	6,941,642	12,212
Total Receipts	<u>16,284,137</u>	<u>16,292,753</u>	<u>16,293,806</u>	<u>1,053</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	7,025,556	7,027,924	6,980,503	47,421
Special	1,487,814	1,488,316	1,462,848	25,468
Vocational	329,064	329,175	324,992	4,183
Other	1,223,826	1,224,239	1,217,546	6,693
<b>Support services:</b>				
Pupil	423,682	423,825	424,878	(1,053)
Instructional Staff	819,977	820,253	815,872	4,381
Board of Education	29,054	29,064	28,064	1,000
Administration	1,399,261	1,399,733	1,334,481	65,252
Fiscal	495,817	495,984	489,678	6,306
Operations and Maintenance	1,492,836	1,493,339	1,407,489	85,850
Pupil Transportation	1,017,562	1,017,905	970,595	47,310
Central	369,948	370,073	324,564	45,509
Operation of Non-Instructional Services	35,176	35,188	35,037	151
Extracurricular	422,121	422,263	420,880	1,383
Total Disbursements	<u>16,571,694</u>	<u>16,577,281</u>	<u>16,237,427</u>	<u>339,854</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(287,557)	(284,528)	56,379	340,907
<b>Other Financing Sources (Uses):</b>				
Transfers (Out)	(144,951)	(145,000)	(141,600)	3,400
Advances In	30,270	30,286	30,286	
Advances (Out)	(34,988)	(35,000)	(30,000)	5,000
Total Other Financing Sources (Uses)	<u>(149,669)</u>	<u>(149,714)</u>	<u>(141,314)</u>	<u>8,400</u>
Net Change in Fund Balance	(437,226)	(434,242)	(84,935)	349,307
Fund Balance at Beginning of Year	3,181,879	3,181,879	3,181,879	
Prior Year Encumbrances Appropriated	24,801	24,801	24,801	
Fund Balance at End of Year	<u>\$2,769,454</u>	<u>\$2,772,438</u>	<u>\$3,121,745</u>	<u>\$349,307</u>

See accompanying notes to the basic financial statements.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$14,489	\$97,418
Total Assets	<u>14,489</u>	<u>97,418</u>
<b>Liabilities:</b>		
Held for Student Activities		<u>\$97,418</u>
<b>Net Assets:</b>		
Held in Trust for Scholarships	14,489	
Total Net Cash Assets	<u>\$14,489</u>	

*See accompanying notes to the basic financial statements.*

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2009

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Interest	\$181
Gifts and Contributions	1,308
Total Additions	<u>1,489</u>
<b>Deductions:</b>	
Scholarships Awarded	<u>4,086</u>
Change in Net Assets	(2,597)
Net Assets - Beginning of Year	<u>17,086</u>
Net Assets - End of Year	<u><u>\$14,489</u></u>

*See accompanying notes to the basic financial statements.*

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**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**1. DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District was established in 1962 through the consolidation of existing land areas and school districts. The District serves an area of approximately 110 square miles. It is located in Logan County, and includes all of the Village of Russells Point, Village of Lakeview, and Village of Huntsville. The District is staffed by 87 non-certificated employees, 131 certificated full-time teaching personnel, and 10 administrative employees. The District currently operates two elementary school buildings, one middle school building, and one comprehensive high school building, which includes the administrative offices, and one bus garage.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**1. Jointly Governed Organizations**

**Western Ohio Computer Organization (WOCO)**

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

**Ohio Hi-Point Joint Vocational School**

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

**Metropolitan Educational Council**

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

**Educational Regional Service System Region 6**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

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

**Logan County Education Foundation**

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

**2. Insurance Purchasing Pools**

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

The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three-member board of directors consisting of 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. Financial information can be obtained from Steve Huzizko, Deputy Director of Management Services, at 8050 North High Street, Columbus, Ohio 43235.

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".

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

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 & Company provides administrative, cost control and actuarial services to the GRP.

**Logan County School Benefit Plan Association**

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

**3. Related Organization**

**Logan County District Library**

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

**B. Basis of Accounting**

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

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

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

**C. Fund Accounting**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**1. Governmental Funds**

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

**General Fund**

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

**Bond Retirement Fund**

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

**Building Fund**

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

**Permanent Improvement Fund**

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

**2. Fiduciary Funds**

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

**D. Basis of Presentation**

**1. Government-wide Financial Statements**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

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

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

**2. Fund Financial Statements**

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

**E. Budgets**

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

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

**1. Tax Budget**

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

**2. Estimated Resources**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

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

The amounts reported in the budgetary statement reflect the amounts in the original and final amended certificate issued during fiscal year 2009.

**3. Appropriations**

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

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

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

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

**4. Encumbrances**

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

**5. Lapsing of Appropriations**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**F. Cash and Investments**

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

During fiscal year 2009, investments were limited to the State Treasury Asset Reserve (STAR Ohio), and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rue 2a7 of the Investment Company act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the General Fund. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$55,719, which includes \$16,678 assigned from other funds.

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

**G. Capital Assets**

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

**H. Unpaid Vacation and Sick Leave**

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

**I. Long-Term Obligations**

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

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

The District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement healthcare.



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

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

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

**L. Net Cash Assets**

Net cash assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net cash assets are available. The District did not have any assets restricted by enabling legislation at June 30, 2009.

**M. Restricted Assets**

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

**N. Interfund Activity**

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

**O. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

**3. ACCOUNTABILITY AND COMPLIANCE**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**4. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

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

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

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

**A. Cash on Hand**

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

**B. Deposits with Financial Institutions**

At June 30, 2009, the carrying amount of all District deposits was \$10,582,479. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$10,136,532 of the District's bank balance of \$10,886,532 was exposed to custodial risk as discussed below, while \$750,000 was covered by the Federal Deposit Insurance Corporation.

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

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

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**C. Investments**

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Balance at Carrying Value</u>	<u>Balance at Fair Value</u>	<u>6 Months or Less</u>	<u>7 to 12 Months</u>	<u>13 to 18 Months</u>	<u>19 to 24 Months</u>	<u>Greater Than 24 Months</u>
STAR Ohio	\$ 1,674,599	\$1,674,599	\$1,674,599				
FHLB	982,470	1,008,750					\$1,008,750
	<u>\$ 2,657,069</u>	<u>\$2,683,349</u>	<u>\$1,674,599</u>				<u>\$1,008,750</u>

The weighted average maturity of investments is 0.82 years.

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

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

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

**Concentration of Credit Risk:** The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Carrying Value</u>	<u>% to Total</u>
STAR Ohio	\$1,674,599	63.02
FNMA	982,470	36.98
	<u>\$2,657,069</u>	<u>100.00</u>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

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

The following is a reconciliation of cash as reported in the footnote above to cash as reported on the statement of net assets as of June 30, 2009:

<b>Cash per footnote</b>	
Carrying amount of deposits	\$10,582,479
Investments	2,657,069
Cash on hand	225
Total	<b>\$13,239,773</b>
<b>Cash per statement of net assets</b>	
Governmental activities	\$13,127,866
Private - Purpose Trust Funds	14,489
Agency Funds	97,418
Total	<b>\$13,239,773</b>

**5. INTERFUND TRANSACTIONS**

- A.** Interfund transfers for the year ended June 30, 2009, consisted of \$141,600 from the General Fund to non-major governmental funds.

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

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

- B.** During the fiscal year, the General Fund made an advance to the Uniform School Supplies Fund for \$30,000. This advance was repaid during the fiscal year. Other nonmajor governmental funds advanced \$286 to the General Fund during the fiscal year, which represents a repayment of prior year advances from the general fund.

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

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**6. PROPERTY TAXES (Continued)**

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

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien January 1, 2008, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2009 (other than public utility property) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value as of September 11, 2008. For 2009, tangible personal property is assessed at 6.25% for property including inventory. This percentage will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

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

The District receives property taxes from Logan and Auglaize Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date tax bills are sent.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	<b>2008 Second Half Collections</b>		<b>2009 First Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/residential and other real estate	\$339,941,190	93.54	\$345,569,450	95.43
Public utility personal	9,963,220	2.74	10,080,110	2.78
Tangible personal property	13,536,029	3.72	6,497,970	1.79
<b>Total</b>	<b>\$363,440,329</b>	<b>100.00</b>	<b>\$362,147,530</b>	<b>100.00</b>
Tax rate per \$1,000 of assessed valuation		\$51.05		\$50.85

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**7. NOTES PAYABLE**

The District issued general obligation bond anticipation notes during fiscal year 2008. The School Facilities Construction and Improvement Series 2007B note issuance in the amount of \$3,125,000 matured on December 11, 2008 and had an interest rate of 4.00%.

The following changes occurred in the general obligation bond anticipation notes during the year:

	<u>Date</u>	<u>6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/09</u>
School Facilities Construction & Improvement Notes Series 2007B	12/13/07	\$3,125,000		(\$3,125,000)	
Total Bond Anticipation Notes		<u>\$3,125,000</u>		<u>(\$3,125,000)</u>	

**8. LONG-TERM OBLIGATIONS**

During fiscal year 2009, the following changes occurred in the District's long-term obligations:

	<u>Balance Outstanding 6/30/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding 6/30/2009</u>	<u>Amounts Due in One Year</u>
<b>Governmental Activities:</b>					
2008 Construction and Improvement		\$3,080,000		\$ 3,080,000	
2008 Capital Appreciation Bonds		44,999		44,999	
2007 Advance Refunding Bonds	\$16,925,000		(\$ 320,000)	16,605,000	\$550,000
2007 Capital Appreciation Bonds	621,887			621,887	
2005 Advance Refunding Bonds	7,110,000		(600,000)	6,510,000	125,000
2005 Capital Appreciation Bonds	419,990			419,990	
1998 Construction and Improvement	220,000		(220,000)		
1998 Capital Appreciation Bonds	149,613			149,613	
1996 Capital Appreciation Bonds	979,877			979,877	204,540
Total Governmental Activities	<u>\$26,426,367</u>	<u>\$3,124,999</u>	<u>(\$1,140,000)</u>	<u>\$28,411,366</u>	<u>\$879,540</u>

**2008 School Facilities Construction Improvement and Refunding General Obligation Bonds -**

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

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

**2007 School Facilities Construction Improvement and Refunding General Obligation Bonds -**

On March 14, 2007, the District issued \$18,001,887 in general obligation School Facilities Construction Improvement and refunding with an average interest rate of 4.00 percent for the purpose of advance refunding \$3,335,000 of the 1998 Construction and Improvement Bonds and issuing new bonds of \$14,666,887. The bonds were issued for a 27 year period with a final maturity at December 1, 2034. Proceeds of \$3,482,286 were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1988 series bonds. As a result, the 1998 series bonds are considered to be defeased.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

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

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

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

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

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

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

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

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

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



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

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

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

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

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

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

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

The capital appreciation serial bonds will mature in years 2009 through 2013. The maturity amounts of the bonds are \$525,000, \$535,000, \$585,000, \$640,000, and \$640,000, respectively.

The District's total voted legal debt margin was \$4,108,460 with unvoted debt margin of \$410,846 at June 30, 2009. The District was approved as a special needs District by the Ohio Department of Education pursuant to Ohio Revised Code Section 133.06(E) based upon a future tax valuation of \$470,185,045, and total indebtedness (based upon projected valuation) of approximately 4%. The District exceeded the voted legal debt limitation by approximately \$28,000,520 during fiscal year 2009.

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

Principal and interest requirements to retire general obligation debt at June 30, 2009, are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 879,540	\$ 1,474,910	\$ 2,354,450
2011	1,023,285	1,467,946	2,491,231
2012	856,992	1,697,283	2,554,275
2013	874,904	1,730,411	2,605,315
2014	875,894	1,724,237	2,600,131
2015 – 2019	5,395,751	7,507,806	12,903,557
2020 – 2024	8,165,000	3,390,421	11,555,421
2025 – 2029	4,535,000	2,061,434	6,596,434
2030 – 2034	4,890,000	971,206	5,861,206
2035	915,000	41,119	956,119
Total	<u>\$28,411,366</u>	<u>\$22,066,773</u>	<u>\$50,478,139</u>

**9. RISK MANAGEMENT**

**A. Property and Liability**

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

The District's comprehensive commercial insurance coverage for real property and building contents has a liability limit of \$64,131,932 a \$2,500 deductible, and a 100 percent coinsurance.

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

**B. Workers' Compensation**

For fiscal year 2009, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.2). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for 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."

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to the school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

**C. Health Insurance**

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

**10. PENSION PLANS**

**A. School Employees Retirement System**

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

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board, up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The District's required contributions for pension obligation for the fiscal years ended June 30, 2009, 2008, and 2007, were \$206,387, \$200,845, and \$228,123 respectively; 46.07% has been contributed for fiscal year 2009 and 100% as been contributed for fiscal years 2008 and 2007.

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

**Plan Description** - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (888) 227-7877 or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**10. PENSION PLANS (Continued)**

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on September 11, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**Funding Policy** - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$1,059,302, \$1,047,097 and \$999,436, respectively; 83.59% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**11. POST-EMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

**Plan Description** – The District participates in two cost-sharing multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

**Funding Policy** – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$32,996.

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

The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$94,452, \$91,652, and \$70,914 respectively; 46.07 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$17,029, \$14,471, and \$14,525 respectively; 46.07 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System**

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

**Funding Policy** – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$81,485 \$80,546, and \$76,880 respectively; 83.59 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**12. CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**13. STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund cash receipt amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	<b>Textbooks</b>	<b>Capital Acquisition</b>
Set-aside balance as of June 30, 2008	(\$399,480)	(\$1,869,454)
Current year set-aside requirement	294,134	294,134
Qualifying disbursements	(214,323)	(12,130,678)
Total	(319,669)	(13,705,998)
Balance carried forward to FY 2009	(\$319,669)	(\$13,705,998)

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

The District is currently in the process of constructing a new elementary school. The District may, and has chosen to carry forward the expenditures from the debt proceeds to construct this building to offset capital acquisition set-aside requirements in subsequent years. As a result, the District can carry forward \$13,705,998 of qualifying disbursements related to this project.

**14. BUDGETARY BASIS OF ACCOUNTING**

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

The encumbrances outstanding at year-end (budgetary basis) amounted to \$66,011 in the General Fund.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**15. CONTRACTUAL COMMITMENTS**

The District is currently involved in a construction projects which resulted in contractual commitments remaining at fiscal year-end. The District had the following contractual commitments outstanding as of June 30, 2009:

<b>Contractor</b>	<b>Project</b>	<b>Contract Amount</b>	<b>Expended</b>	<b>Balance at 6/30/09</b>
Fanning & Howey Assoc.	Architect Services	\$ 295,906	(\$ 125,214)	\$ 170,692
Touchstone	Owner's Rep Construction Svc	230,929	(208,119)	22,810
Ferguson Construction Co.	General Contractor	8,512,152	(6,954,430)	1,557,722
GM Mechanical, Inc.	Plumbing & HVAC	3,493,048	(3,259,268)	233,780
Ilmann Electric Company	Electrical	1,192,852	(1,055,634)	137,218
Vulcan Enterprises, Inc.	Fire Protection	200,681	(139,206)	61,475
CTL Engineering, Inc.	Geotechnical Consulting	110,642	(83,920)	26,722
Four Seasons Commissioning	MEP Commissioning Services	24,331	(9,842)	14,489
Lawhorn & Associates, Inc.	Maintenance Plan Advisor Svcs	9,300	(5,115)	4,185
Chapel Romanoff Technology	Communications	185,000	(118,218)	66,782
Continental Office Environments	Loose Furnishings	451,889		451,889
Playcreations Equipment	Playground Equipments	119,203		119,203
Chapel Romanoff Technology	Technology	340,965		340,965
Logos Communications	Technology	196,500		196,500
Embarq	Telephone Package	54,731		54,731
Apple Computers, Inc.	Computers	185,661		185,661
Lee Survey	Surveying	12,954		12,954
Allied Environmental Services	Asbestos Abatement Consulting	3,265		3,265
The Link Construction Group	Contractor	698,200		698,200
<b>Total</b>		<b><u>\$16,318,209</u></b>	<b><u>(\$11,958,966)</u></b>	<b><u>\$4,359,243</u></b>

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**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR Pass Through Grantor Program Title	Grant Year	Catalog of Federal Domestic Assistance Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
National School Lunch Program	2009	10.555	\$264,740		\$264,740	
Non-Cash Assistance (Food Distribution) National School Lunch Program		10.555		\$40,277		\$40,277
Total National School Lunch Program			264,740	40,277	264,740	40,277
School Breakfast Program	2009	10.553	83,190		83,190	
Non-Cash Assistance (Food Distribution) School Breakfast Program		10.553		1,267		1,267
Total School Breakfast Program			83,190	1,267	83,190	1,267
Total Child Nutrition Cluster - United States Department of Agriculture			347,930	41,544	347,930	41,544
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Title 1 Grants to Local Educational Agencies	2008	84.010	53,045		67,356	
	2009		424,212		420,314	
Total Title 1 Grants to Local Educational Agencies			477,257		487,670	
State Grants for Innovative Programs	2009	84.298	5,500		5,500	
Improving Teacher Quality State Grants	2008	84.367	14,129		17,042	
	2009		104,079		103,515	
Total Improving Teacher Quality State Grants			118,208		120,557	
Special Education Grants to States	2008	84.027	26,496		37,868	
	2009		384,690		355,933	
Total Special Education Grants to States			411,186		393,801	
Education Technology State Grants	2009	84.318	4,229		3,929	
Safe and Drug Free Schools and Communities State Grants	2008	84.186	287			
	2009		3,794		2,618	
Total Safe and Drug Free Schools and Communities State Grants			4,081		2,618	
Total Department of Education			1,020,461		1,014,075	
Total Federal Financial Assistance			<u>\$1,368,391</u>	<u>\$41,544</u>	<u>\$1,362,005</u>	<u>\$41,544</u>

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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

**NOTE D – MATCHING REQUIREMENTS**

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

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

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

<u>Grant and CFDA # / Fund, Cost Center</u>	<u>Transfer Out</u>	<u>Transfer In</u>
Title 1, Grants to Local Educational Agencies		
#84.010		
572-9007	(\$26,920)	
572-9008		\$26,920
Special Education Grants to States #84.027		
516-9007	(\$13,909)	
516-9008		\$13,909
Safe and Drug Free Schools and Communities #84.186		
584-9007	(\$3,823)	
584-9008		\$3,824
Improving Teacher Quality State Grants #84.367		
590-9007	(\$3,924)	
590-9008		\$3,924
State Grants for Innovative Programs #84.298		
573-9007	(\$142)	
573-9008		\$142
Education Technology State Grants #84.318		
599-9007	(\$1,271)	
599-9008		\$1,271

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**NOTE F – REALLOCATION OF FUNDS**

The Ohio Department of Education approved the reallocation of \$3,927 from the Safe and Drug Free Schools and Communities State Grants program to the State Grants for Innovative Programs project for fiscal year 2009 in the Comprehensive Continuous Improvement Plan.

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# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Lake Local School District, Logan County (the District), as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 28, 2009, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated October 28, 2009.

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

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



**Mary Taylor, CPA**  
Auditor of State

October 28, 2009



# Mary Taylor, CPA

## Auditor of State

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

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

To the Board of Education:

#### Compliance

We have audited the compliance of Indian Lake Local School District, Logan County (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the fiscal year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Indian Lake Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the fiscal year ended June 30, 2009.

#### Internal Control Over Compliance

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

**Internal Control Over Compliance  
(Continued)**

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

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

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

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



**Mary Taylor, CPA**  
Auditor of State

October 28, 2009



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2009**

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

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

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

**FINDING NUMBER 2009-001**

**Noncompliance Citation**

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

**Ohio Adm. Code Section 117-2-03(B)** requires the District to file annual financial reports which are prepared using generally accepted accounting principles. For fiscal year 2009, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

To help provide the users with more meaningful financial statements, the District should prepare their financial statements according to generally accepted accounting principles.

**OFFICIALS' RESPONSE:**

In response to Finding Number 2009-001 Noncompliance Citation O.R.C. 117.38; the Indian Lake Board of Education understands that the Ohio Revised Code requires the District's financial statements to be prepared in accordance with GAAP; however, an exception has been implemented by the State Auditor for issuance of an unqualified opinion if GAAP look-alike financial statements have been prepared by the District. Due to cost of the conversion, increased audit cost, and cost of employee resources, the Board feels money that would otherwise be spent on conversion to GAAP is better used to educate the students of Indian Lake Local Schools. In addition, federal security laws do not require GAAP financial statements, and specifically, SEC Rule 15c2-12 relating to continuing disclosure on outstanding debt (which applies to the District) does not require GAAP financial statements.

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

None

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Ohio Rev. Code Section 117.38 & Ohio Admin. Code Section 117-2-03(B) – Failed to prepare financial statements in accordance with GAAP	No	Repeated as Finding Number 2009-001

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by to by the Board, solely to assist the Board in evaluating whether Indian Lake Local School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on December 17, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - 3) A procedure for reporting prohibited incidents;
  - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
  - 6) A procedure for documenting any prohibited incident that is reported;
  - 7) A procedure for responding to and investigating any reported incident;

- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State  
October 28, 2009



**Mary Taylor, CPA**  
Auditor of State

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

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**DECEMBER 8, 2009**