



Mary Taylor, CPA
Auditor of State

**LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lakeview Local Schools
Trumbull County
300 Hillman Drive
Cortland, Ohio 44410

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Lakeview Local School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Expenditures Schedule 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 Federal Awards Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

May 29, 2009

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

It is a pleasure to present to you the financial picture of Lakeview Local School District. Included in these first few paragraphs and tables is the management's view of how our School District is currently performing and how that performance may change in the future. It is intended that this presentation be an objective and easily read analysis of the overall financial condition of our School District. Please consider our comments along with the financial statements and notes to fully understand our School District's finances.

Financial Highlights

- The School District's total net assets decreased by \$1,648,619 from a positive \$1,004,995 to a negative \$643,624 during this fiscal year's operations.
- Outstanding general obligation debt decreased from \$4,099,739 to \$3,976,846 in fiscal year 2008.
- Revenues from governmental activities totaled \$18,076,432. General revenues accounted for \$16,067,009 or 88.9 percent of the total with program revenues accounting for the remainder of \$2,009,423 or 11.1 percent.
- Program expenses totaled \$19,725,051. Instructional expenses made up 57.1 percent of this total while support services accounted for 34.3 percent. Other expenses accounted for the remaining 8.6 percent.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those statements. The *Statement of Net Assets* and the *Statement of Activities* (on page 10 and 11) provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements start on page 12 and provide the next level of detail. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the School District's operations in more detail than the government-wide statements by providing information about the School District's most significant funds. In the case of Lakeview Local School District, the general fund is the most significant fund. The remaining statements provide financial information about activities for which the School District acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the School District as a Whole (District-Wide)

Statement of Net Assets and the Statement of Activities

The only two reports that display District-wide finances are the Statement of Net Assets and the Statement of Activities. Within these statements, we show the School District divided into two kinds of activities:

- Governmental Activities – All of the School District's instructional activities are reported here. Property Taxes, State and Federal Grants and fees finance the majority of activity in this group.

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

- Business-Type Activities – If the Board of Education sets a fee designed to offset the cost of operating a program, then this defines a business-type activity. The District does not have any of this type of activity.

Analysis of the School District as a whole begins on page 2. While this document contains all of the funds used by the District to provide programs and activities, the view of the District as a whole considers all financial transactions. One of the most important issues when analyzing any business enterprise is “How did we do financially during 2008 and are we better off today than we were one year ago?” The two District-wide documents try to provide and support the answer to these particular questions. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting method used by most private-sector companies. The most important aspect of accrual accounting is that it takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid out.

These statements also display the net assets of the District and note any changes that occurred during the year. Net assets are the difference between assets and liabilities and they tend to be the lead indicator of financial health. This change in net assets is important because it tells the reader whether, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Please investigate the financial factors which may include changes in property tax values, tax levies and renewals or State funding issues before reaching a final conclusion about our School District’s financial status. Non-financial factors may include the School District’s performance, demographic and socioeconomic factors and willingness of the community to support the School District. It could prove helpful in making the analysis to look at the individual fund conditions to show the composition of the changes.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

Analysis of the School District’s major funds begins on page 7. The fund financial statements begin on page 12 and provide detailed information about each significant fund in contrast to the previously described District-wide reporting. Most of the funds are required to be established by State law.

Governmental Funds – Most of the School District’s funds are reported as governmental funds. These reports focus on how resources flow into and out of these funds and the balances left at year-end that are available for spending in future periods. These reports are done on a modified accrual basis. Modified accrual accounting measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed, short-term view of the School District’s general government operations and the basic services it provides. There are differences between governmental funds (as reported in this section on a modified accrual basis) and governmental activities as reported in the *Statement of Net Assets* and the *Statement of Activities*, which are reported on a full accrual basis. These differences are reconciled in the financial statements.

The School District as a Whole

Recall that the *Statement of Net Assets* provides the perspective of the School District as a whole.

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 1 provides a summary of net assets as of June 30, 2008, as compared to June 30, 2007.

(Table 1)			
Net Assets			
Governmental Activities			
	2008	2007	Change
Assets			
Current and Other Assets	\$9,347,220	\$10,367,986	(\$1,020,766)
Capital Assets	7,570,776	7,959,115	(388,339)
<i>Total Assets</i>	16,917,996	18,327,101	(1,409,105)
Liabilities			
Current Liabilities	10,810,108	10,408,868	401,240
Long-Term Liabilities			
Due within One Year	328,436	393,283	(64,847)
Due in More than One Year	6,423,076	6,519,955	(96,879)
<i>Total Liabilities</i>	17,561,620	17,322,106	239,514
Net Assets			
Invested in Capital Assets	3,785,948	3,780,986	4,962
Restricted for:			
Capital Projects	18,223	23,650	(5,427)
Debt Service	81,653	0	81,653
Set Asides	162,541	98,568	63,973
Other Purposes	173,458	149,533	23,925
Unrestricted	(4,865,447)	(3,047,742)	(1,817,705)
<i>Total Net Assets</i>	(\$643,624)	\$1,004,995	(\$1,648,619)

The School District's total net assets were down from a year ago decreasing \$1,648,619 from a positive \$1,004,995 to a negative \$643,624. A decrease of \$388,339 in governmental activities capital assets was due to depreciation expense.

Table 2 highlights the School District's revenues and expenses. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

(Table 2)
Change in Net Assets
Governmental Activities

	2008	2007	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services and Sales	\$1,038,285	\$1,111,674	(\$73,389)
Operating Grants and Contributions	961,955	917,740	44,215
Capital Grants and Contributions	9,183	30,028	(20,845)
<i>Total Program Revenues</i>	<u>2,009,423</u>	<u>2,059,442</u>	<u>(50,019)</u>
<i>General Revenues</i>			
Property Taxes	7,064,374	8,002,786	(938,412)
Grants and Entitlements not Restricted	8,937,741	8,288,027	649,714
Investment Earnings	53,064	91,474	(38,410)
Miscellaneous	11,830	8,585	3,245
<i>Total General Revenues</i>	<u>16,067,009</u>	<u>16,390,872</u>	<u>(323,863)</u>
<i>Total Revenues</i>	<u>18,076,432</u>	<u>18,450,314</u>	<u>(373,882)</u>
Program Expenses			
Current:			
Instruction:			
Regular	8,451,711	8,370,350	81,361
Special	2,763,899	2,870,696	(106,797)
Vocational	51,667	48,098	3,569
Support Services:			
Pupils	956,637	794,648	161,989
Instructional Staff	978,095	837,290	140,805
Board of Education	29,949	15,575	14,374
Administration	1,615,336	1,831,484	(216,148)
Fiscal	426,030	430,154	(4,124)
Operation and Maintenance of Plant	1,867,456	1,754,839	112,617
Pupil Transportation	879,261	859,598	19,663
Central	3,179	3,151	28
Extracurricular Activities	460,683	455,034	5,649
Operation of Non-Instructional Services	8,079	6,325	1,754
Food Service Operations	649,443	686,023	(36,580)
Interest and Fiscal Charges	583,626	516,176	67,450
<i>Total Program Expenses</i>	<u>19,725,051</u>	<u>19,479,441</u>	<u>245,610</u>
<i>Decrease in Net Assets</i>	(1,648,619)	(1,029,127)	(619,492)
Net Assets Beginning of Year	<u>1,004,995</u>	<u>2,034,122</u>	<u>(1,029,127)</u>
<i>Net Assets (Deficit) End of Year</i>	<u>(\$643,624)</u>	<u>\$1,004,995</u>	<u>(\$1,648,619)</u>

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as fees, restricted grants, and charges for services that are program specific. General revenue includes taxes and unrestricted grants such as State Foundation support.

Expenses shown in programs are easily identifiable to a particular function utilizing the current Uniform School Accounting System (USAS) coding structure. Program revenues totaled \$2,009,423. Charges for services comprised 51.7 percent of the total. The School District operates an orthopedic program for the entire county for grades kindergarten through 12. The excess costs of the program are charged to each district based upon their student usage.

While program revenue decreased by 2.4 percent from \$2,059,442 in 2007 to \$2,009,423 in 2008, the majority of the revenue supporting governmental activities is general revenue. General revenue decreased from \$16,390,872 in 2007 to \$16,067,009 in 2008. Property tax revenue decreased by 11.7 percent, and investment earnings were down by 42 percent due to lower yields. Property taxes comprised 44 percent of total general revenues for governmental activities while program revenues contributed 11.1 percent of total revenue. The 49.4 percent provided by unrestricted grants and entitlements include monies received from the Ohio Department of Education State Foundation Program and property tax relief such as the homestead exemptions and rollbacks provided by House Bill 920 and also the public utility property tax reimbursement. The community, through the willingness to provide property tax revenues, is clearly a source of critical support for the Lakeview Local School District.

Program expenses increased from \$19,479,441 in 2007 to \$19,725,051 in 2008, a 1.0 percent increase. This increase was primarily due to increased spending for general instruction.

Analysis of Overall Financial Positions and Results of Operations

In Table 3 below, the total cost of services column contains all costs related to the programs and the net cost of services column shows how much of the total amount is not covered by program revenues. The net costs are program costs that must be covered by unrestricted State aid (State Foundation) or local taxes.

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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

	2008		2007	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$11,267,277	\$10,358,305	\$10,864,144	\$9,870,038
Support Services:				
Pupils and Instructional Staff	1,934,732	1,746,798	1,631,938	1,484,212
Board of Education, Administration				
Fiscal Services and Central	2,074,494	2,019,004	2,705,364	2,631,720
Operation and Maintenance of Plant	1,867,456	1,827,046	1,754,839	1,714,722
Pupil Transportation	879,261	848,692	859,598	821,704
Food Service Operations and				
Operation of Non-Instructional Services	657,522	26,112	692,348	69,421
Extracurricular Activities	460,683	306,045	455,034	312,006
Interest and Fiscal Charges	583,626	583,626	516,176	516,176
<i>Total Expenses</i>	<u>\$19,725,051</u>	<u>\$17,715,628</u>	<u>\$19,479,441</u>	<u>\$17,419,999</u>

The difference in these two columns of \$2,009,423 would represent restricted grants, fees, and donations. The dependence upon general tax revenues for governmental activities is apparent. Approximately 89.8 percent of total expenses are supported through taxes and other general revenue.

The School District's Funds

As previously stated, governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,958,178 and expenditures of \$19,453,778.

General Fund Financial Activity

The most significant governmental fund is the general fund. The general fund balance decreased by \$1,562,107 from a negative \$432,923 to a negative \$1,995,030. The decrease was mainly due to an increase in expenditures and a decrease in property tax revenue.

General Fund Budgetary Highlights

The School 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 forecasted budget presented to the Lakeview Local Board of Education in September was amended several times throughout the year. For the general fund, original budgeted revenues were \$16,246,195. The final budgeted revenues were \$15,492,480. The decrease in the estimate of \$753,715 was mainly due to lower than expected property tax revenues. The final estimated revenue was within one-tenth of one percent of the actual revenues.

Original budgeted expenditures in the general fund were \$16,248,558. The final budgeted expenditures were \$16,687,865. The increase in the estimate of \$439,307 was due to an increase in program costs within the School District.

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Capital Assets

Table 4 shows the ending balances of capital assets in various categories as of June 30, 2008, compared to the balances as of June 30, 2007.

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

	2008	2007
Land	\$513,900	\$513,900
Land Improvements	569,950	643,870
Buildings and Improvements	6,207,700	6,437,371
Furniture, Equipment and Fixtures	154,446	172,659
Vehicles	124,780	191,315
Total	\$7,570,776	\$7,959,115

The table shows a decrease of \$388,339 in net capital assets from 2007 to 2008 as a result of depreciation. See note 9 for further information on capital assets.

Debt

The School District was able to reduce its bonded debt by \$122,893, its energy conservation loan debt by \$24,805 and its capital lease debt by \$106,000.

(Table 5)
 Outstanding Long-Term Obligations
 at Fiscal Year End

	Governmental Activities	
	2008	2007
General Obligation Bonds:		
1994 - School Improvement	\$0	\$77,496
1998 - School Improvement Refunding Bonds	3,976,846	4,022,243
Total General Obligation Bonds	3,976,846	4,099,739
Energy Conservation Note	143,758	168,563
Capital Lease	801,000	907,000
Total	\$4,921,604	\$5,175,302

As of June 30, 2008, the School District's legal debt margin was \$21,599,804 with an unvoted debt margin of \$131,290. See note 13 for further information on debt.

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Current Issues

Lakeview Local School District has experienced negative fund balances in fiscal years 2007 and 2008.

The School District plans to continue efforts toward the passage of a tax levy and has implemented open enrollment and a “pay to participate” program to generate needed revenue.

In summary, the Lakeview Local School District has a commitment to financial and educational excellence. The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting each year from 1996 through 2005.

Contacting the School District's Financial Management

These financial reports and discussions are designed to provide our students, citizens, taxpayers, and creditors with a complete disclosure of the School District's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have any questions about this report or need additional financial information, please write Milton A. Williams, Treasurer, Lakeview Local School District, 300 Hillman Drive, Cortland, Ohio 44410 or call (330) 638-1060 or Email [milton.williams @neomin.org](mailto:milton.williams@neomin.org).

Lakeview Local School District

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$856,364
Cash and Cash Equivalents	
With Fiscal Agents	432
Accounts Receivable	1,583
Intergovernmental Receivable	189,733
Inventory Held for Resale	20,636
Materials and Supplies Inventory	72,757
Taxes Receivable	8,205,715
Nondepreciable Capital Assets	513,900
Depreciable Capital Assets, Net	<u>7,056,876</u>
<i>Total Assets</i>	<u>16,917,996</u>
Liabilities	
Accounts Payable	21,950
Accrued Wages Payable	994,276
Matured Compensated Absences Payable	345,991
Intergovernmental Payable	513,824
Deferred Revenue	7,867,420
Matured Interest Payable	432
Accrued Interest Payable	226,215
Notes Payable	600,000
Special Termination Benefits Payable	240,000
Long-Term Liabilities:	
Due Within One Year	328,436
Due In More Than One Year	<u>6,423,076</u>
<i>Total Liabilities</i>	<u>17,561,620</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	3,785,948
Restricted for:	
Capital Projects	18,223
Debt Service	81,653
Set Asides	162,541
Other Purposes	173,458
Unrestricted (Deficit)	<u>(4,865,447)</u>
<i>Total Net Assets</i>	<u><u>(\$643,624)</u></u>

See accompanying notes to the basic financial statements

Lakeview Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$8,451,711	\$253,842	\$96,025	\$0	(\$8,101,844)
Special	2,763,899	50,023	507,886	0	(2,205,990)
Vocational	51,667	1,146	50	0	(50,471)
Support Services:					
Pupils	956,637	22,758	24,073	0	(909,806)
Instructional Staff	978,095	19,041	122,062	0	(836,992)
Board of Education	29,949	673	30	0	(29,246)
Administration	1,615,336	36,298	1,591	0	(1,577,447)
Fiscal	426,030	9,157	7,741	0	(409,132)
Operation and Maintenance of Plant	1,867,456	38,713	1,697	0	(1,827,046)
Pupil Transportation	879,261	20,079	1,307	9,183	(848,692)
Central	3,179	0	0	0	(3,179)
Operation of Non-Instructional Services	8,079	6,256	1,273	0	(550)
Operation of Food Services	649,443	432,270	191,611	0	(25,562)
Extracurricular Activities	460,683	148,029	6,609	0	(306,045)
Interest and Fiscal Charges	583,626	0	0	0	(583,626)
Totals	\$19,725,051	\$1,038,285	\$961,955	\$9,183	(17,715,628)

General Revenues

Property Taxes Levied for:	
General Purposes	6,277,324
Debt Service	530,164
Capital Outlay	256,886
Grants and Entitlements not Restricted to Specific Programs	8,937,741
Investment Earnings	53,064
Miscellaneous	11,830
Total General Revenues	16,067,009
Change in Net Assets	(1,648,619)
<i>Net Assets Beginning of Year</i>	<u>1,004,995</u>
<i>Net Assets End of Year</i>	<u><u>(\$643,624)</u></u>

See accompanying notes to the basic financial statements

Lakeview Local School District

Balance Sheet

Governmental Funds

June 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$156,895	\$536,928	\$693,823
Cash and Cash Equivalents with Fiscal Agents	0	432	432
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	162,541	0	162,541
Taxes Receivable	7,336,703	869,012	8,205,715
Accounts Receivable	564	1,019	1,583
Intergovernmental Receivable	153,908	35,825	189,733
Interfund Receivable	1,179	0	1,179
Inventory Held for Resale	0	20,636	20,636
Materials and Supplies Inventory	69,538	3,219	72,757
<i>Total Assets</i>	<u>\$7,881,328</u>	<u>\$1,467,071</u>	<u>\$9,348,399</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$20,777	\$1,173	\$21,950
Matured Interest Payable	0	432	432
Accrued Wages	938,377	55,899	994,276
Interfund Payable	0	1,179	1,179
Intergovernmental Payable	477,701	36,123	513,824
Matured Compensated Absences Payable	345,350	641	345,991
Special Termination Benefits Payable	240,000	0	240,000
Deferred Revenue	7,240,403	884,837	8,125,240
Accrued Interest Payable	13,750	0	13,750
Notes Payable	600,000	0	600,000
<i>Total Liabilities</i>	<u>9,876,358</u>	<u>980,284</u>	<u>10,856,642</u>
 Fund Balances			
Reserved for Encumbrances	84,356	20,305	104,661
Reserved for Capital Acquisition	48,349	0	48,349
Reserved for Property Taxes	240,000	20,000	260,000
Reserved for Budget Stabilization	68,316	0	68,316
Reserved for Textbooks	45,876	0	45,876
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	(2,481,927)	0	(2,481,927)
Special Revenue Funds	0	178,939	178,939
Debt Service Fund	0	265,559	265,559
Capital Projects Funds	0	1,984	1,984
<i>Total Fund Balances</i>	<u>(1,995,030)</u>	<u>486,787</u>	<u>(1,508,243)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,881,328</u>	<u>\$1,467,071</u>	<u>\$9,348,399</u>

See accompanying notes to the basic financial statements

Lakeview Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008*

Total Governmental Fund Balances (\$1,508,243)

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

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds 7,570,776

Other long-term assets are not available to pay for current-period
 expenditures and therefore are deferred in the funds.

Property Taxes	114,120
Intergovernmental	143,700

Total	257,820
-------	---------

In the statement of activities, interest is accrued on outstanding bonds,
 whereas in governmental fund, an interest expenditure is reported when
 due. (212,465)

Long-term liabilities are not due and payable in the current period and
 therefore are not reported in the funds:

General Obligation Bonds	(3,976,846)
Energy Conservation Notes	(143,758)
Capital Leases	(801,000)
Compensated Absences	(1,829,908)

Total	(6,751,512)
-------	-------------

Net Assets of Governmental Activities (\$643,624)

See accompanying notes to the basic financial statements

Lakeview Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$6,257,239	\$787,372	\$7,044,611
Intergovernmental	8,686,583	1,089,138	9,775,721
Interest	52,192	1,105	53,297
Tuition and Fees	366,018	84,018	450,036
Extracurricular Activities	0	141,586	141,586
Contributions and Donations	16,675	17,759	34,434
Charges for Services	0	432,270	432,270
Rentals	14,393	0	14,393
Miscellaneous	11,830	0	11,830
<i>Total Revenues</i>	<u>15,404,930</u>	<u>2,553,248</u>	<u>17,958,178</u>
Expenditures			
Current:			
Instruction:			
Regular	7,991,662	148,408	8,140,070
Special	2,211,041	539,810	2,750,851
Vocational	50,976	0	50,976
Support Services:			
Pupil	925,829	25,656	951,485
Instructional Staff	843,785	128,960	972,745
Board of Education	29,949	0	29,949
Administration	1,529,597	0	1,529,597
Fiscal	405,871	16,318	422,189
Operation and Maintenance of Plant	1,753,460	0	1,753,460
Pupil Transportation	825,094	3,451	828,545
Operation of Non-Instructional Services	0	8,079	8,079
Operation of Food Services	0	641,752	641,752
Extracurricular Activities	323,259	120,834	444,093
Capital Outlay	0	137,323	137,323
Debt Service:			
Principal Retirement	16,000	377,301	393,301
Interest and Fiscal Charges	17,749	381,614	399,363
<i>Total Expenditures</i>	<u>16,924,272</u>	<u>2,529,506</u>	<u>19,453,778</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,519,342)</u>	<u>23,742</u>	<u>(1,495,600)</u>
Other Financing Sources (Uses)			
Transfers In	0	42,765	42,765
Transfers Out	(42,765)	0	(42,765)
<i>Total Other Financing Sources (Uses)</i>	<u>(42,765)</u>	<u>42,765</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(1,562,107)	66,507	(1,495,600)
<i>Fund Balances Beginning of Year</i>	<u>(432,923)</u>	<u>420,280</u>	<u>(12,643)</u>
<i>Fund Balances End of Year</i>	<u>(\$1,995,030)</u>	<u>\$486,787</u>	<u>(\$1,508,243)</u>

See accompanying notes to the basic financial statements

Lakeview Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008*

Net Change in Fund Balances - Total Governmental Funds (\$1,495,600)

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

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

Capital Outlay	12,447	
Depreciation	<u>(400,786)</u>	(388,339)

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

Property Taxes	19,763	
Intergovernmental	<u>98,491</u>	
 Total		 118,254

Repayment of bond and note principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 393,301

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest	(44,660)	
Accretion	<u>(139,603)</u>	
 Total		 (184,263)

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (91,972)

Change in Net Assets of Governmental Activities (\$1,648,619)

See accompanying notes to the basic financial statements

Lakeview Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$6,929,719	\$6,357,016	\$6,357,239	\$223
Intergovernmental	8,818,191	8,678,359	8,686,583	8,224
Interest	54,616	50,102	52,192	2,090
Tuition and Fees	398,011	365,118	366,675	1,557
Rentals	15,043	13,800	13,829	29
Contributions and Donations	18,075	16,581	16,675	94
Miscellaneous	12,540	11,504	11,830	326
<i>Total Revenues</i>	<u>16,246,195</u>	<u>15,492,480</u>	<u>15,505,023</u>	<u>12,543</u>
Expenditures				
Current:				
Instruction:				
Regular	7,671,729	7,709,299	7,709,299	0
Special	2,112,005	2,374,329	2,369,180	5,149
Vocational	40,955	50,335	50,335	0
Support Services:				
Pupil	686,132	920,249	919,342	907
Instructional Staff	632,126	831,558	831,203	355
Board of Education	16,031	32,793	29,949	2,844
Administration	1,751,781	1,351,724	1,349,392	2,332
Fiscal	443,407	402,911	400,998	1,913
Operation and Maintenance of Plant	1,801,099	1,782,659	1,782,185	474
Pupil Transportation	786,523	888,655	888,583	72
Extracurricular Activities	306,770	323,354	322,349	1,005
Debt Service:				
Principal Retirement	0	16,000	16,000	0
Interest and Fiscal Charges	0	3,999	3,999	0
<i>Total Expenditures</i>	<u>16,248,558</u>	<u>16,687,865</u>	<u>16,672,814</u>	<u>15,051</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,363)</u>	<u>(1,195,385)</u>	<u>(1,167,791)</u>	<u>27,594</u>
Other Financing Sources (Uses)				
Proceeds of Notes	600,000	600,000	600,000	0
Advances In	42,000	42,000	42,000	0
Advances Out	(2,000)	(34,000)	(34,000)	0
Transfers Out	(167)	(42,765)	(42,765)	0
<i>Total Other Financing Sources (Uses)</i>	<u>639,833</u>	<u>565,235</u>	<u>565,235</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	637,470	(630,150)	(602,556)	27,594
<i>Fund Balance Beginning of Year</i>	467,552	467,552	467,552	0
Prior Year Encumbrances Appropriated	<u>351,775</u>	<u>351,775</u>	<u>351,775</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,456,797</u>	<u>\$189,177</u>	<u>\$216,771</u>	<u>\$27,594</u>

See accompanying notes to the basic financial statements

Lakeview Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$21,272	\$50,340
Liabilities		
Due to Students	0	\$50,340
Net Assets		
Held in Trust for Scholarships	\$21,272	

See accompanying notes to the basic financial statements

Lakeview Local School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2008

	<u>Scholarship</u>
Additions	
Interest	\$807
Deductions	
Scholarships Awarded	700
<i>Change in Net Assets</i>	107
<i>Net Assets Beginning of Year</i>	21,165
<i>Net Assets End of Year</i>	\$21,272

See accompanying notes to the basic financial statements

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Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 1 - Description of the School District and Reporting Entity

Lakeview Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's four instructional/support facilities staffed by 85 classified employees, 140 certificated full and part-time employees, and 10 administrators who provide services to 2,063 students and other community members.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The School District participates in five jointly governed organizations and two public entity pools. These organizations are the Trumbull County Career and Technical Center, the North East Ohio Management Information Network, the North East Ohio Instructional Media Center, the North East Ohio Special Education Regional Resource Center, the Region 12 Professional Development Center, the Ohio School Boards Association Workers' Compensation Group Rating Program and the Trumbull County Schools Employee Insurance Benefits Consortium. These organizations are presented in Notes 15 and 16 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

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

B. Fund Accounting

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

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

General Fund The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

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

Proprietary Funds Proprietary funds reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no proprietary funds.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for a college scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student managed activities.

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2008, investments were limited to nonnegotiable certificates of deposit which are reported at cost.

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented as "Cash and Cash Equivalents with Fiscal Agents" and represents deposits or short-term investments in certificates of deposit.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$52,192, which includes \$32,321 assigned from other School District funds.

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

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or by enabling legislation. Restricted assets in the general fund represent amounts required by State statute to be set aside to create reserves for budget stabilization and for the purchase of textbooks and other instructional material. See Note 21 for additional information regarding set asides.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

I. Capital Assets

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	50 years
Furniture and Fixtures	5 - 30 years
Vehicles	8 years

J. Interfund Balances

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has resigned or retired will be paid.

L. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year.

M. Interfund Activity

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

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, capital acquisition, property taxes, budget stabilization and textbook purchase.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The government-wide statement of net assets reports \$435,875 of restricted net assets, none of which is restricted by enabling legislation.

Net assets restricted for other purposes include food service operations and extracurricular activities.

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

P. 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.

Q. Estimates

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

R. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 3 – Change in Accounting Principles

For fiscal year 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The implementation of this statement did not result in any change to the financial statements. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and STRS post-employment healthcare plans in the amounts of \$24,008 and \$11,942, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

Note 4 – Accountability

At June 30, 2008, there were deficits in the general, title V, assistive technology and food service funds in the amounts of \$1,995,030, \$604, \$575 and \$12,081. The deficit balances resulted from adjustments for accrued liabilities. The School District is examining how to eliminate the deficit in the general fund and the general fund is liable for any deficit in the other funds and provides operating transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance.
4. Advances-In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	(\$1,562,107)
Net Adjustment for Revenue Accruals	700,093
Net Adjustment for Expenditure Accruals	355,302
Advances In	42,000
Advances Out	(34,000)
Encumbrances	<u>(103,844)</u>
Budget Basis	<u><u>(\$602,556)</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

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

Lakeview Local School District
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For the Fiscal Year Ended June 30, 2008

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

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

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$817,716 of the School District's bank balance of \$1,145,031 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Note 7 - Property Taxes

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

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

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This 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 School District prior to June 30.

The School District receives property taxes from Trumbull County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2008 was \$240,000 in the general fund and \$20,000 in the debt service fund. The amount available as an advance at June 30, 2007 was \$340,000 in the general fund and \$25,000 in the debt service fund.

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

Lakeview Local School District
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The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	Amount	Percent	Amount	Percent
Residential/Agricultural and Other Real Estate	\$268,176,530	89.20 %	\$269,191,790	95.62 %
Public Utility Personal	7,814,610	2.60	6,097,070	2.17
Tangible Personal Property	24,638,901	8.20	6,232,043	2.21
Total	\$300,630,041	100.00 %	\$281,520,903	100.00 %
 Tax rate per \$1,000 of assessed valuation	 \$42.80		 \$43.00	

Note 8 - Receivables

Receivables at June 30, 2008, consisted of taxes, accounts (rent and student fees), tuition and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
General	\$153,908
Part B - IDEA	34,646
Title V	604
Assistive Technology	575
 Total Governmental Activities	 \$189,733

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 9 – Capital Assets

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

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Nondepreciable Capital Assets				
Land	\$513,900	\$0	\$0	\$513,900
Depreciable Capital Assets				
Land Improvements	1,713,900	0	0	1,713,900
Buildings and Improvements	12,077,599	0	0	12,077,599
Furniture and Fixtures	604,469	12,447	0	616,916
Vehicles	1,183,489	0	0	1,183,489
<i>Total at Historical Cost</i>	<u>15,579,457</u>	<u>12,447</u>	<u>0</u>	<u>15,591,904</u>
Less: Accumulated Depreciation				
Land Improvements	(1,070,030)	(73,920)	0	(1,143,950)
Buildings and Improvements	(5,640,228)	(229,671)	0	(5,869,899)
Furniture and Fixtures	(431,810)	(30,660)	0	(462,470)
Vehicles	(992,174)	(66,535)	0	(1,058,709)
<i>Total Accumulated Depreciation</i>	<u>(8,134,242)</u>	<u>(400,786) *</u>	<u>0</u>	<u>(8,535,028)</u>
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	<u>7,445,215</u>	<u>(388,339)</u>	<u>0</u>	<u>7,056,876</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$7,959,115</u>	<u>(\$388,339)</u>	<u>\$0</u>	<u>\$7,570,776</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$290,075
Special	691
Support Services	
Instructional Staff	265
Administration	293
Fiscal	2,291
Operation and Maintenance of Plant	6,095
Pupil Transportation	72,192
Central	3,179
Food Service Operations	9,115
Extracurricular Activities	16,590
Total Depreciation Expense	<u>\$400,786</u>

Lakeview Local School District
Notes to the Basic Financial Statements
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Note 10 - Interfund Transfers and Balances

A. Interfund Transfers

The general fund made transfers to the food service and scholarship special revenue funds for the amounts of \$42,000 and \$765. The reason for the transfers was to help provide funding for fiscal year 2008.

B. Interfund Balances

The general fund reported an interfund receivable at June 30, 2008 of \$1,179. The title V and assistive technology special revenue funds had an interfund payable of \$604 and \$575, respectively. The interfund receivable and payables were the result of deficit cash balances due to the timing of the receipt of grant monies at year end.

Note 11 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

B. Litigation

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

Note 12 – Capital Lease

In prior years, the School District entered into a capitalized lease for a construction and reproofing project and school buses. These leases meet the criteria for capital leases as defined by Statement of Financial Accounting Standards No. 13 “Accounting for Leases.” Capital assets acquired by lease have been capitalized in the amount of \$1,353,000. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2008 was \$158,368, leaving a current book value of \$1,194,632. Principal payments in fiscal year 2008 totaled \$106,000 in governmental funds.

Lakeview Local School District
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The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2008.

Year	Amounts
2009	\$157,509
2010	152,112
2011	157,493
2012	157,328
2013	107,696
2014-2015	242,243
Total Minimum Lease Payments	974,381
Less: Amount Representing Interest	(173,381)
Present Value of Minimum Lease Payments	\$801,000

Note 13 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2008 were as follows:

	Principal Outstanding June 30, 2007	Additions	Deductions	Principal Outstanding June 30, 2008	Amount Due in One Year
Governmental Activities					
General Obligation Bonds					
1994 4.50 to 6.95% School Improvement Bonds	\$77,496	\$0	\$77,496	\$0	\$0
1998 School Improvement Bonds					
Current Interest Serial Bonds 3.80% to 4.55%	185,000	0	185,000	0	0
Capital Appreciation Bonds 4.80% to 5.10%	980,070	0	0	980,070	189,386
Accretion on Capital Appreciation Bonds	997,173	139,603	0	1,136,776	0
Current Interest Term Bonds	1,860,000	0	0	1,860,000	0
Total 1998 School Improvement Bonds	4,022,243	139,603	185,000	3,976,846	189,386
<i>Total General Obligation Bonds</i>	4,099,739	139,603	262,496	3,976,846	189,386
Energy Conservation Note 5.00%	168,563	0	24,805	143,758	26,050
Capital Lease Payable	907,000	0	106,000	801,000	113,000
Compensated Absences	1,737,936	106,673	14,701	1,829,908	0
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	\$6,913,238	\$246,276	\$408,002	\$6,751,512	\$328,436

In 1998, the School District issued \$4,465,070 in voted general obligation bonds for the purpose of constructing an auditorium, major renovations and an addition at the Bazetta elementary school. The bonds were issued for twenty-two year periods with a final maturity at December 1, 2019.

The School District defeased certain general obligation bonds in 1998 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On June 30, 2008, \$2,840,070 of bonds outstanding is considered defeased.

The 1998 general obligation bonds include capital appreciation bonds. The original issue amount was \$980,070 and the final maturity of these bonds is \$4,457,778. This year the addition on these bonds was

Lakeview Local School District
Notes to the Basic Financial Statements
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\$139,603, which represents the accretion of discounted interest in 2008 on the capital appreciation bonds. The School District has an energy conservation note that was issued in 1998 in the amount of \$345,000. The note was issued for updating the heating and air conditioning system throughout the School District. The note is backed by the full faith and credit of the School District.

General obligation bonds will be paid from the debt service fund. The energy conservation note will be paid from the permanent improvement capital projects fund. Compensated absences will be paid from the general and food service special revenue fund. The capital lease will be paid from the permanent improvement capital projects fund.

The overall debt margin of the School District as of June 30, 2008 was \$21,599,804 with an unvoted debt margin of \$131,290. Principal and interest requirements to retire the general obligation bonds and the energy conservation note outstanding at June 30, 2008 are as follows:

General Obligation Bonds				
	Term		Capital Appreciation	
	Principal	Interest	Principal	Interest
2009	\$0	\$0	\$189,386	\$420,474
2010	0	0	177,200	447,660
2011	0	0	167,189	477,671
2012	0	0	157,537	507,323
2013	0	0	148,255	536,605
2014-2018	1,355,000	246,075	140,503	569,357
2019-2020	505,000	38,760	0	0
Total	\$1,860,000	\$284,835	\$980,070	\$2,959,090

Energy Conservation Note			
Fiscal Year			
Ending	Principal	Interest	Total
2009	\$26,050	\$7,196	\$33,246
2010	27,352	5,894	33,246
2011	28,720	4,526	33,246
2012	30,147	3,099	33,246
2013	31,489	1,757	33,246
Total	\$143,758	\$22,472	\$166,230

Lakeview Local School District
Notes to the Basic Financial Statements
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Note 14 – Notes Payable

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

	Balance 6/30/07	Additions	Reductions	Balance 6/30/08
General Fund				
2008 5.0%				
Tax Anticipation Notes	<u>\$0</u>	<u>\$600,000</u>	<u>\$0</u>	<u>\$600,000</u>

The tax anticipation notes will be paid from the general fund with property tax revenue. Principal and interest payments to retire the tax anticipation notes are as follows:

	Principal	Interest	Total
2010	\$120,000	\$56,250	\$176,250
2011	120,000	24,000	144,000
2012	120,000	18,000	138,000
2013	120,000	12,000	132,000
2014	120,000	6,000	126,000
	<u>\$600,000</u>	<u>\$116,250</u>	<u>\$716,250</u>

Note 15 - Jointly Governed Organizations

Trumbull County Career and Technical Center The Trumbull County Career and Technical Center is a distinct political subdivision of the State of Ohio providing vocational needs of the students. The Center is operated under the direction of a Board consisting of one representative from each of the fifteen participating school districts’ elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Trumbull County Joint Vocational School, Gary Ghizzoni, who serves as Treasurer, at 528 Educational Highway, Warren, Ohio 44483.

North East Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. Lakeview Local School District paid \$31,740 to NEOMIN during fiscal year 2008.

Lakeview Local School District
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The Governing Board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, and a principal and treasurer (non-voting members who must be employed by a participating school district, the fiscal agent or NEOMIN). The Lakeview Local School District was not represented on the Governing Board during fiscal year 2008. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio 44481.

North East Ohio Instructional Media Center The North East Ohio Instructional Media Center (NEOIMC) is a jointly governed organization among forty-five school districts. The jointly governed organization was formed for the purpose of providing quality films and/or other media to support the educational curricula of the School District. Each member pays a monthly premium based on the use of media materials.

NEOIMC is governed by the advisory committee made up a member from a parochial school, a joint vocational school, one County Superintendent from each participating county, one City Superintendent and two local superintendents rotating every two years. The degree of control exercised by any participating school district is limited to its representation on the Board. In fiscal year 2008, Lakeview Local School District contributed \$3,276 which is \$1.50 per student. Financial information can be obtained by contacting the Treasurer at the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio 44481.

North East Ohio Special Education Regional Resource Center The North East Ohio Special Education Regional Resource Center NEO/SERRC is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

NEO/SERRC is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 105, Youngstown, Ohio 44512.

Region 12 Professional Development Center The Region 12 Professional Development Center (Center) is a jointly governed organization among the school districts located in Trumbull, Mahoning, and Columbiana Counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a board made up of nineteen representatives of the participating school districts, the business community, and Youngstown State University. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio 44481.

Lakeview Local School District
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For the Fiscal Year Ended June 30, 2008

Note 16 – Public Entity Pools

A. Insurance Purchasing Pool

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

B. Shared Risk Pool

Trumbull County Schools Employee Insurance Benefits Consortium The School District participates in the Trumbull County Schools Employee Insurance Consortium. This is a shared risk pool comprised of sixteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

Note 17 - Pension Plans

A. School Employee Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$193,739, \$227,150 and \$225,477 respectively; 55.97 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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B. State Teachers Retirement System

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

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

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,062,308, \$1,086,168, and \$1,063,622 respectively; 82.40 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$10,729 made by the School District and \$14,993 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

Lakeview Local School District
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Note 18 - Postemployment Benefits

A. School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$42,301.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$88,409, \$77,898, and \$78,991 respectively; 55.97 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$13,959, \$15,446, and \$17,946 respectively; 55.97 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$81,716, \$83,569, and \$81,835 respectively; 82.40 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Note 19 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 320 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 85 days for classified employees, teachers and administrators. Employees are given three days of personal leave at the beginning of the fiscal year. Upon retirement, all unused personal leave is converted to sick leave.

B. Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance of \$50,000 to all full time employees through the Medical Life Insurance Company.

Note 20 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2008, the School District contracted for the following insurance coverage:

Coverage	Amount
Coverage provided by Indiana Insurance:	
Building and Contents - replacement cost (\$2,500 deductible)	\$43,137,237
Inland Marine Coverage (\$250 deductible)	395,544
Boiler and Machinery (\$10,000 deductible)	No limit
Coverage provided by Auto Owners Mutual Insurance	
Automobile Liability (\$1,000 deductible on comprehensive) (\$1,000 deductible on collision)	1,000,000
Auto Medical Payments	5,000
Coverage provided by Ohio School Plan	
General Liability	
Per occurrence (\$0 deductible)	1,000,000
Total per year	3,000,000

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

The School District has contracted with the Trumbull County Schools Employee Insurance Benefits Consortium to provide employee medical/surgical, dental, and prescription drug benefits. The Trumbull County Schools Employee Insurance Benefits Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through an annual calculation process. The Lakeview Local School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical/prescription drug premiums of \$1,206.51 for family coverage and \$464.05 for single coverage per employee per month. Premiums for dental coverage are \$70.53 monthly for family coverage and \$22.45 monthly for single coverage. The plan utilizes a \$10.00 prescription deductible. If the School District were to withdraw from the consortium, there would be no liability because premium levels fund a reserve for subsequent claim payments.

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

B. Worker's Compensation

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Note 21 - Set Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2008, only the unspent portion of certain workers' compensation refunds continues to be required to be set-aside.

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-Aside Reserve Balance as of June 30, 2007	\$68,316	\$0	\$30,252
Current Year Set-aside Requirement	0	331,863	331,863
Current Year Offsets	0	(277,491)	0
Qualifying Disbursements	0	(6,023)	(316,239)
Total	\$68,316	\$48,349	\$45,876
Set-aside Balance Carried Forward to Future Fiscal Years	\$68,316	\$48,349	\$45,876
Set-aside Reserve Balance as of June 30, 2008	\$68,316	\$48,349	\$45,876

The School District did not have qualified disbursements during the fiscal year to reduce the capital acquisition or textbook/instructional materials set-aside amounts below zero. Therefore the set-aside balance will be carried forward to future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$162,541.

LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Year	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	10.550	2008		\$41,540		\$41,540
<i>Nutrition Cluster:</i>						
National School Breakfast Program	10.553	2008	\$7,489		\$7,489	
National School Lunch Program	10.555	2008	151,047		151,047	
<i>Subtotal - Nutrition Cluster</i>			158,536		158,536	
Total U.S. Department of Agriculture			158,536	41,540	158,536	41,540
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Educational Agencies (ESEA Title I)	84.010	2007	15,002		15,002	
		2008	144,966		142,513	
<i>Subtotal - CFDA 84.010</i>			159,968		157,515	
<i>Special Education Cluster:</i>						
Special Education Grants to States (IDEA Part B)	84.027	2007	35,023		82,939	
		2008	472,370		424,733	
<i>Subtotal - Special Education Cluster</i>			507,393		507,672	
Drug-Free Schools Grant	84.186	2008	5,664		5,664	
Innovative Educational Program Strategies	84.298	2008	4,140		4,744	
Title II-D, Technology	84.318	2008	892		1,467	
Title II-A, Improving Student Quality	84.367	2008	61,959		61,959	
Total U.S. Department of Education			740,016	0	739,021	0
Totals			\$898,552	\$41,540	\$897,557	\$41,540

The accompanying notes to the Federal Awards Expenditures Schedule are an integral part of this schedule.

**LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

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 fair value of the commodities received.



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*

Lakeview Local School District
Trumbull County
300 Hillman Drive
Cortland, Ohio 44410

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Lakeview Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

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

Mary Taylor, CPA
Auditor of State

May 29, 2009



Mary Taylor, CPA

Auditor of State

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

Lakeview Local School District
Trumbull County
300 Hillman Drive
Cortland, Ohio 44410

To the Board of Education:

Compliance

We have audited the compliance of Lakeview Local School District, Trumbull County, Ohio, (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 year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the School 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 Lakeview Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

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.

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, the Board of Education, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 29, 2009

**LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL 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
JUNE 30, 2009