



Dave Yost • Auditor of State

**LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Lakeview Local School District
Trumbull County
300 Hillman Drive
Cortland, Ohio 44410-1562

To the Board of Education:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lakeview Local School District, Trumbull County, Ohio, as of June 30, 2010, 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 March 7, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 7, 2011

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
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 increased due mainly to decreases in notes payable and long term liabilities. The increase was partially offset by an additional year of depreciation in the School District's capital assets.
- Outstanding general obligation debt decreased during fiscal year 2010 due to annual debt payments.
- Program expenses increased due largely to increases in instructional expenses due to the sale of a school building that had not been fully depreciated.
- The School District closed Cortland Elementary which resulted in the consolidating of students into the remaining school buildings.
- A five year emergency operating levy was passed, in May of 2010, which will yield approximately \$1,050,000 annually beginning in January, 2011.

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 12 and 13) 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 14 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:

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

- **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.
- **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 6. 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 2010 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 8. The fund financial statements begin on page 14 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.

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The School District as a Whole

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

Table 1 provides a summary of net assets as of June 30, 2010, as compared to June 30, 2009.

(Table 1)
Net Assets
Governmental Activities

	2010	2009	Change
Assets			
Current and Other Assets	\$9,893,288	\$9,363,191	\$530,097
Capital Assets	6,185,594	7,199,611	(1,014,017)
<i>Total Assets</i>	<u>16,078,882</u>	<u>16,562,802</u>	<u>(483,920)</u>
Liabilities			
Current Liabilities	8,052,170	9,237,820	(1,185,650)
Long-Term Liabilities			
Due within One Year	321,909	318,552	3,357
Due in More than One Year	5,779,660	6,045,069	(265,409)
<i>Total Liabilities</i>	<u>14,153,739</u>	<u>15,601,441</u>	<u>(1,447,702)</u>
Net Assets			
Invested in Capital Assets	3,047,778	3,743,219	(695,441)
Restricted for:			
Capital Projects	187,630	111,125	76,505
Debt Service	169,689	99,955	69,734
Set Asides	284,944	325,527	(40,583)
Other Purposes	318,034	232,320	85,714
Unrestricted	(2,082,932)	(3,550,785)	1,467,853
<i>Total Net Assets</i>	<u>\$1,925,143</u>	<u>\$961,361</u>	<u>\$963,782</u>

Current assets increased due to an increase in cash and cash equivalents and taxes receivable. The decrease in capital assets was due to an additional year of depreciation.

Total liabilities decreased during fiscal year 2010 due to decreases in notes payable and deferred revenue. The decrease can also be attributed to annual payments on the School District's general obligation bonds.

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 2 shows the changes in net assets for fiscal year 2010 compared to 2009.

(Table 2)
Change in Net Assets
Governmental Activities

	2010	2009	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,349,422	\$1,274,123	\$75,299
Operating Grants and Contributions	1,786,485	1,879,353	(92,868)
Capital Grants and Contributions	63,388	14,380	49,008
<i>Total Program Revenues</i>	<u>3,199,295</u>	<u>3,167,856</u>	<u>31,439</u>
General Revenues			
Property Taxes	7,455,263	7,617,670	(162,407)
Grants and Entitlements not Restricted	8,600,611	8,067,896	532,715
Investment Earnings	14,573	32,364	(17,791)
Miscellaneous	76,092	83,385	(7,293)
<i>Total General Revenues</i>	<u>16,146,539</u>	<u>15,801,315</u>	<u>345,224</u>
<i>Total Revenues</i>	<u>19,345,834</u>	<u>18,969,171</u>	<u>376,663</u>
Program Expenses			
Current:			
Instruction:			
Regular	8,566,138	7,308,732	1,257,406
Special	2,459,354	2,706,923	(247,569)
Vocational	0	1,776	(1,776)
Support Services:			
Pupils	885,287	913,452	(28,165)
Instructional Staff	793,555	822,522	(28,967)
Board of Education	21,771	43,615	(21,844)
Administration	1,177,991	1,162,291	15,700
Fiscal	435,114	431,602	3,512
Operation and Maintenance of Plant	1,637,921	1,511,389	126,532
Pupil Transportation	728,522	717,164	11,358
Central	3,179	3,180	(1)
Operation of Non-Instructional Services	9,119	7,601	1,518
Operation of Food Services	600,051	592,026	8,025
Extracurricular Activities	458,023	494,715	(36,692)
Interest and Fiscal Charges	606,027	647,198	(41,171)
<i>Total Program Expenses</i>	<u>18,382,052</u>	<u>17,364,186</u>	<u>1,017,866</u>
<i>Increase in Net Assets</i>	963,782	1,604,985	(641,203)
Net Assets (Deficit) Beginning of Year	961,361	(643,624)	1,604,985
<i>Net Assets End of Year</i>	<u>\$1,925,143</u>	<u>\$961,361</u>	<u>\$963,782</u>

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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

The School District relies heavily upon property taxes and the State Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds.

Program expenses increased mainly due to increases in regular instruction and operation and maintenance of plant expenses. This increase was slightly offset by a decrease in special instruction and several support services expenses.

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.

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

	2010		2009	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$11,025,492	\$9,270,671	\$10,017,431	\$8,538,615
Support Services:				
Pupils and Instructional Staff	1,678,842	1,389,120	1,735,974	1,562,155
Board of Education, Administration, Fiscal Services and Central	1,638,055	1,546,381	1,640,688	1,469,124
Operation and Maintenance of Plant	1,637,921	1,389,308	1,511,389	1,383,768
Pupil Transportation	728,522	676,379	717,164	232,474
Food Service Operations and Operation of Non-Instructional Services	609,170	2,394	599,627	18,476
Extracurricular Activities	458,023	302,477	494,715	344,520
Interest and Fiscal Charges	606,027	606,027	647,198	647,198
<i>Total Expenses</i>	<u>\$18,382,052</u>	<u>\$15,182,757</u>	<u>\$17,364,186</u>	<u>\$14,196,330</u>

The School District's dependence upon general revenues for governmental activities is apparent from Table 3. The majority of instructional activities are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major fund, the general fund, starts on page 14. This fund is accounted for using the modified accrual basis of accounting. The general fund balance increased due to a reduction in both special instruction and support services expenses.

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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, final budgeted revenues were lower than original budgeted revenues. The decrease in the estimate 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.

Final budgeted appropriations were higher than the original budgeted appropriations of the general fund. The increase in the estimate was due mainly to increases in administration, operation and maintenance of plant and transportation expenditures. Actual expenditures were slightly under final budgeted appropriations.

Capital Assets

Table 4 shows the ending balances of capital assets in various categories as of June 30, 2010, compared to the balances as of June 30, 2009.

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

	2010	2009
Land	\$513,900	\$513,900
Land Improvements	301,902	496,030
Buildings and Improvements	5,106,502	5,996,073
Furniture, Equipment and Fixtures	107,098	128,816
Vehicles	156,192	64,792
Total	\$6,185,594	\$7,199,611

The decrease in capital assets was due to an additional year of depreciation along with the sale of an elementary school building. For more information about the School District's capital assets, see Note 8 to the basic financial statements.

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Debt

Table 5 below summarizes the School District's long-term outstanding obligations.

(Table 5)
 Outstanding Long-Term Obligations at June 30
 Governmental Activities

	2010	2009
1998 - School Improvement Refunding Bonds	\$3,854,602	\$3,919,217
Energy Conservation Note	90,332	117,708
Capital Leases	574,000	688,000
Total	\$4,518,934	\$4,724,925

The 1998 school improvement refunding bonds mature in fiscal year 2020 and the energy conservation note matures in fiscal year 2013. The capital leases will be fully paid off in fiscal year 2015. See Note 12 to the basic financial statements for additional information.

Current Issues

The School District faces the strong possibility that revenues from the State could fall sharply in fiscal year 2012 due to the current poor financial condition of the State of Ohio.

Labor agreements have expired, and new contracts need to be negotiated with both the certified and classified unions.

The balance in the set aside fund for textbooks and instructional supplies needs to be reduced.

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.

Lakeview Local School District

Statement of Net Assets

June 30, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,369,387
Cash and Cash Equivalents	
With Fiscal Agents	422
Accounts Receivable	8,324
Intergovernmental Receivable	174,498
Accrued Interest Receivable	237
Inventory Held for Resale	19,154
Materials and Supplies Inventory	81,245
Taxes Receivable	8,240,021
Nondepreciable Capital Assets	513,900
Depreciable Capital Assets, Net	5,671,694
<i>Total Assets</i>	<u>16,078,882</u>
Liabilities	
Accounts Payable	99,721
Accrued Wages Payable	880,115
Matured Compensated Absences Payable	40,185
Intergovernmental Payable	436,141
Deferred Revenue	6,267,767
Matured Interest Payable	422
Accrued Interest Payable	247,819
Special Termination Benefits Payable	80,000
Long-Term Liabilities:	
Due Within One Year	321,909
Due In More Than One Year	5,779,660
<i>Total Liabilities</i>	<u>14,153,739</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	3,047,778
Restricted for:	
Capital Projects	187,630
Debt Service	169,689
Set Asides	284,944
Other Purposes	318,034
Unrestricted (Deficit)	(2,082,932)
<i>Total Net Assets</i>	<u><u>\$1,925,143</u></u>

See accompanying notes to the basic financial statements

Lakeview Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$8,566,138	\$426,547	\$393,850	\$0	(\$7,745,741)
Special	2,459,354	94,528	839,896	0	(1,524,930)
Support Services:					
Pupils	885,287	41,341	109,958	0	(733,988)
Instructional Staff	793,555	37,598	100,825	0	(655,132)
Board of Education	21,771	1,194	0	0	(20,577)
Administration	1,177,991	62,596	0	0	(1,115,395)
Fiscal	435,114	22,884	5,000	0	(407,230)
Operation and Maintenance of Plant	1,637,921	80,067	105,158	63,388	(1,389,308)
Pupil Transportation	728,522	43,708	8,435	0	(676,379)
Central	3,179	0	0	0	(3,179)
Operation of Non-Instructional Services	9,119	0	3,141	0	(5,978)
Operation of Food Services	600,051	389,127	214,508	0	3,584
Extracurricular Activities	458,023	149,832	5,714	0	(302,477)
Interest and Fiscal Charges	606,027	0	0	0	(606,027)
Totals	\$18,382,052	\$1,349,422	\$1,786,485	\$63,388	(15,182,757)

General Revenues

Property Taxes Levied for:	
General Purposes	6,614,306
Debt Service	618,721
Capital Outlay	222,236
Grants and Entitlements not Restricted to Specific Programs	8,600,611
Investment Earnings	14,573
Miscellaneous	76,092
Total General Revenues	16,146,539
Change in Net Assets	963,782
<i>Net Assets Beginning of Year</i>	<u>961,361</u>
<i>Net Assets End of Year</i>	<u><u>\$1,925,143</u></u>

See accompanying notes to the basic financial statements

Lakeview Local School District

Balance Sheet

Governmental Funds

June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$330,472	\$753,971	\$1,084,443
Cash and Cash Equivalents with Fiscal Agents	0	422	422
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	284,944	0	284,944
Taxes Receivable	7,357,846	882,175	8,240,021
Accounts Receivable	8,324	0	8,324
Accrued Interest Receivable	237	0	237
Intergovernmental Receivable	26,976	147,522	174,498
Inventory Held for Resale	0	19,154	19,154
Materials and Supplies Inventory	79,051	2,194	81,245
<i>Total Assets</i>	<u>\$8,087,850</u>	<u>\$1,805,438</u>	<u>\$9,893,288</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$71,599	\$28,122	\$99,721
Matured Interest Payable	0	422	422
Accrued Wages Payable	818,657	61,458	880,115
Intergovernmental Payable	373,993	62,148	436,141
Matured Compensated Absences Payable	40,185	0	40,185
Special Termination Benefits Payable	80,000	0	80,000
Deferred Revenue	6,407,846	857,227	7,265,073
<i>Total Liabilities</i>	<u>7,792,280</u>	<u>1,009,377</u>	<u>8,801,657</u>
Fund Balances			
Reserved for Encumbrances	147,983	62,129	210,112
Reserved for Property Taxes	950,000	80,000	1,030,000
Reserved for Textbooks and Materials	284,944	0	284,944
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	(1,087,357)	0	(1,087,357)
Special Revenue Funds	0	225,180	225,180
Debt Service Fund	0	286,546	286,546
Capital Projects Funds	0	142,206	142,206
<i>Total Fund Balances</i>	<u>295,570</u>	<u>796,061</u>	<u>1,091,631</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$8,087,850</u>	<u>\$1,805,438</u>	<u>\$9,893,288</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, 2010*

Total Governmental Fund Balances	\$1,091,631
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	6,185,594
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	942,254
Intergovernmental	<u>55,052</u>
Total	997,306
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.	(247,819)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(3,854,602)
Energy Conservation Note	(90,332)
Capital Leases	(574,000)
Compensated Absences	<u>(1,582,635)</u>
Total	<u>(6,101,569)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$1,925,143</u></u>

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, 2010

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$6,544,415	\$834,444	\$7,378,859
Intergovernmental	8,506,835	1,916,719	10,423,554
Interest	14,392	181	14,573
Tuition and Fees	656,504	42,832	699,336
Extracurricular Activities	113,424	133,612	247,036
Contributions and Donations	3,065	19,329	22,394
Charges for Services	0	389,127	389,127
Rentals	13,923	0	13,923
Miscellaneous	63,965	12,127	76,092
<i>Total Revenues</i>	<u>15,916,523</u>	<u>3,348,371</u>	<u>19,264,894</u>
Expenditures			
Current:			
Instruction:			
Regular	7,007,903	440,661	7,448,564
Special	1,721,524	746,975	2,468,499
Vocational	0	0	0
Support Services:			
Pupils	776,520	104,671	881,191
Instructional Staff	695,252	96,349	791,601
Board of Education	21,771	0	21,771
Administration	1,149,685	41,000	1,190,685
Fiscal	417,974	13,727	431,701
Operation and Maintenance of Plant	1,531,033	105,158	1,636,191
Pupil Transportation	812,785	7,299	820,084
Operation of Non-Instructional Services	0	9,119	9,119
Operation of Food Services	0	584,208	584,208
Extracurricular Activities	291,809	149,124	440,933
Capital Outlay	0	93,522	93,522
Debt Service:			
Principal Retirement	61,376	257,200	318,576
Interest and Fiscal Charges	42,009	429,395	471,404
<i>Total Expenditures</i>	<u>14,529,641</u>	<u>3,078,408</u>	<u>17,608,049</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,386,882</u>	<u>269,963</u>	<u>1,656,845</u>
Other Financing Sources (Uses)			
Transfers In	0	104	104
Transfers Out	(104)	0	(104)
<i>Total Other Financing Sources (Uses)</i>	<u>(104)</u>	<u>104</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,386,778	270,067	1,656,845
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(1,091,208)</u>	<u>525,994</u>	<u>(565,214)</u>
<i>Fund Balances End of Year</i>	<u>\$295,570</u>	<u>\$796,061</u>	<u>\$1,091,631</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, 2010*

Net Change in Fund Balances - Total Governmental Funds \$1,656,845

*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	256,420
Depreciation	<u>(365,356)</u>

Total	(108,936)
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Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (905,081)

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

Property Taxes	76,404
Intergovernmental	<u>4,536</u>

Total	80,940
-------	--------

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. 318,576

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

Accrued Interest	(22,038)
Accretion	<u>(112,585)</u>

Total	(134,623)
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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. 56,061

Change in Net Assets of Governmental Activities \$963,782

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$7,228,000	\$5,804,415	\$5,804,415	\$0
Intergovernmental	8,433,896	8,506,835	8,506,835	0
Interest	13,461	13,582	14,155	573
Tuition and Fees	646,619	652,211	652,204	(7)
Extracurricular Activities	112,452	113,424	113,424	0
Contributions and Donations	3,039	3,065	3,065	0
Rentals	12,648	12,757	12,757	0
Miscellaneous	48,545	48,965	48,965	0
<i>Total Revenues</i>	16,498,660	15,155,254	15,155,820	566
Expenditures				
Current:				
Instruction:				
Regular	7,641,031	7,107,401	7,099,698	7,703
Special	1,709,689	1,731,170	1,724,089	7,081
Vocational	326	326	0	326
Support Services:				
Pupils	715,597	757,822	754,147	3,675
Instructional Staff	529,114	694,754	690,555	4,199
Board of Education	32,525	23,425	22,971	454
Administration	848,953	1,154,277	1,151,407	2,870
Fiscal	374,413	422,613	417,582	5,031
Operation and Maintenance of Plant	1,312,836	1,557,976	1,518,202	39,774
Pupil Transportation	525,812	834,567	826,765	7,802
Extracurricular Activities	388,429	298,369	295,833	2,536
Capital Outlay	225	225	0	225
Debt Service:				
Principal Retirement	700,000	661,376	661,376	0
Interest and Fiscal Charges	150,000	72,990	72,009	981
<i>Total Expenditures</i>	14,928,950	15,317,291	15,234,634	82,657
<i>Excess of Revenues Over (Under) Expenditures</i>	1,569,710	(162,037)	(78,814)	83,223
Other Financing Sources (Uses)				
Advances In	32,000	0	0	0
Transfers Out	0	(104)	(104)	0
<i>Total Other Financing Sources (Uses)</i>	32,000	(104)	(104)	0
<i>Net Change in Fund Balance</i>	1,601,710	(162,141)	(78,918)	83,223
<i>Fund Balance Beginning of Year</i>	443,873	443,873	443,873	0
Prior Year Encumbrances Appropriated	45,834	45,834	45,834	0
<i>Fund Balance End of Year</i>	\$2,091,417	\$327,566	\$410,789	\$83,223

See accompanying notes to the basic financial statements

Lakeview Local School District

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2010

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$20,178	<u>\$50,141</u>
Liabilities		
Due to Students	<u>0</u>	<u>\$50,141</u>
Net Assets		
Held in Trust for Scholarships	<u>\$20,178</u>	

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, 2010

	Scholarship
Additions	
Interest	\$174
Deductions	
Scholarships Awarded	800
<i>Change in Net Assets</i>	(626)
<i>Net Assets Beginning of Year</i>	20,804
<i>Net Assets End of Year</i>	\$20,178

See accompanying notes to the basic financial statements

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 83 classified employees, 120 certificated full and part-time employees, and 8 administrators who provide services to 1,991 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.

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, 2010

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.

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, 2010

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.

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.

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, 2010

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, 2010, but which were levied to finance fiscal year 2011 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.

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 2010, 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 2010 amounted to \$14,392, which includes \$6,536 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.

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 20 for additional information regarding set asides.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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.

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:

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

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.

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.

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.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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.

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.

Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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.

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, property taxes and textbooks and materials purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

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 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,

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, instruction, support services, 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.

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.

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.

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.

Note 3 – Change in Accounting Principles

For fiscal year 2010, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, "Accounting and Reporting for Intangible Assets", Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 53 enhances the usefulness and comparability of derivative instrument information reported by state and local governments. This Statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District's financial statements.

Note 4 - 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).
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.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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	\$1,386,778
Net Adjustment for Revenue Accruals	(760,703)
Net Adjustment for Expenditure Accruals	(500,366)
Encumbrances	<u>(204,627)</u>
Budget Basis	<u><u>(\$78,918)</u></u>

Note 5 - 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;
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;

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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, \$1,075,341 of the School District's bank balance of \$1,690,616 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 6 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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.

Lakeview Local School District
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For the Fiscal Year Ended June 30, 2010

Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property tax) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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, 2010, are available to finance fiscal year 2010 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, 2010, 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, 2010 was \$950,000 in the general fund and \$80,000 in the debt service fund. The amount available as an advance at June 30, 2009 was \$210,000 in the general fund and \$15,000 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.

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

	2009 Second Half Collections		2010 First Half Collections	
	Amount	Percent	Amount	Percent
Residential/Agricultural and Other Real Estate	\$275,467,230	95.62 %	\$275,135,400	97.67 %
Public Utility Personal	6,146,370	2.17	6,311,400	2.24
Tangible Personal Property	555,307	2.21	243,210	0.09
Total	\$282,168,907	100.00 %	\$281,690,010	100.00 %
Tax rate per \$1,000 of assessed valuation	\$43.05		\$43.15	

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 7 - Receivables

Receivables at June 30, 2010, 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
Title I	\$103,052
Part B - IDEA	44,470
General	26,976
<i>Total Governmental Activities</i>	\$174,498

Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Nondepreciable Capital Assets				
Land	\$513,900	\$0	\$0	\$513,900
Depreciable Capital Assets				
Land Improvements	1,713,900	0	(289,336)	1,424,564
Buildings and Improvements	12,096,011	95,120	(1,438,747)	10,752,384
Furniture and Fixtures	622,536	15,000	(80,898)	556,638
Vehicles	1,183,489	146,300	(101,305)	1,228,484
<i>Total at Historical Cost</i>	15,615,936	256,420	(1,910,286)	13,962,070
Less: Accumulated Depreciation				
Land Improvements	(1,217,870)	(68,319)	163,527	(1,122,662)
Buildings and Improvements	(6,099,938)	(212,888)	666,944	(5,645,882)
Furniture and Fixtures	(493,720)	(29,249)	73,429	(449,540)
Vehicles	(1,118,697)	(54,900)	101,305	(1,072,292)
<i>Total Accumulated Depreciation</i>	(8,930,225)	(365,356) *	1,005,205	(8,290,376)
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	6,685,711	(108,936)	(905,081)	5,671,694
<i>Governmental Activities Capital Assets, Net</i>	\$7,199,611	(\$108,936)	(\$905,081)	\$6,185,594

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

* Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$267,692
Support Services	
Instructional Staff	265
Administration	292
Fiscal	2,291
Operation and Maintenance of Plant	5,887
Pupil Transportation	60,557
Central	3,179
Food Service Operations	8,103
Extracurricular Activities	17,090
Total Depreciation Expense	<u><u>\$365,356</u></u>

Note 9 - Interfund Transfers

The general fund made a transfer to the scholarship special revenue fund for the amount of \$104. The reason for the transfer was to help provide funding for fiscal year 2010.

Note 10 - Contingencies

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, 2010.

Litigation

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

Note 11 – Capital Lease

In prior years, the School District entered into a capitalized lease for a construction and reroofing 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, 2010 was \$204,119, leaving a current book value of \$967,638. Principal payments in fiscal year 2010 totaled \$114,000 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, 2010.

Year	Amounts
2011	157,554
2012	157,349
2013	107,696
2014	121,949
2015	120,294
Total Minimum Lease Payments	664,842
Less: Amount Representing Interest	(90,842)
Present Value of Minimum Lease Payments	\$574,000

Note 12 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2010 were as follows:

	Principal Outstanding June 30, 2009	Additions	Deductions	Principal Outstanding June 30, 2010	Amount Due in One Year
Governmental Activities					
General Obligation Bonds					
1998 School Improvement Bonds					
Capital Appreciation Bonds 4.80% to 5.10%	\$790,684	\$0	\$177,200	\$613,484	\$167,189
Accretion on Capital Appreciation Bonds	1,268,533	112,585	0	1,381,118	0
Current Interest Term Bonds	1,860,000	0	0	1,860,000	0
<i>Total General Obligation Bonds</i>	3,919,217	112,585	177,200	3,854,602	167,189
Energy Conservation Note 5.00%	117,708	0	27,376	90,332	28,720
Capital Leases Payable	688,000	0	114,000	574,000	126,000
Compensated Absences	1,638,696	0	56,061	1,582,635	0
<i>Total Governmental Activities</i>	\$6,363,621	\$112,585	\$374,637	\$6,101,569	\$321,909
<i>Long-Term Liabilities</i>	\$6,363,621	\$112,585	\$374,637	\$6,101,569	\$321,909

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, 2010, \$2,473,484 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 \$112,585, which represents the accretion of discounted interest in 2010 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.

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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 general fund. Compensated absences will be paid from the general and food service special revenue funds. The capital leases will be paid from the general fund and the permanent improvement capital projects fund.

The overall debt margin of the School District as of June 30, 2010 was \$23,223,274 with an unvoted debt margin of \$281,447. Principal and interest requirements to retire the general obligation bonds and the energy conservation note outstanding at June 30, 2010 are as follows:

General Obligation Bonds				
	Term		Capital Appreciation	
	Principal	Interest	Principal	Interest
2011	\$0	\$0	\$167,189	\$477,671
2012	0	0	157,537	507,323
2013	0	0	148,255	536,605
2014	0	0	140,503	569,357
2015	635,000	94,860	0	0
2016-2020	1,225,000	189,975	0	0
Total	\$1,860,000	\$284,835	\$613,484	\$2,090,956

Fiscal Year	Energy Conservation Note		
	Ending	Principal	Interest
2011	\$28,720	\$4,526	\$33,246
2012	30,147	3,099	33,246
2013	31,465	1,757	33,222
Total	\$90,332	\$9,382	\$99,714

Note 13 – Notes Payable

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

	Balance 6/30/09	Additions	Reductions	Balance 6/30/10
General Fund				
2008 5.0%				
Tax Anticipation Note	\$600,000	\$0	\$600,000	\$0

The tax anticipation note was paid from the general fund during fiscal year 2010 with property tax revenue.

Lakeview Local School District
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Note 14 – Public Entity Pools

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.

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 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 \$31,364 to NEOMIN during fiscal year 2010.

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 2010. 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.

Lakeview Local School District
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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 2010, Lakeview Local School District contributed \$2,986 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 it 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.

Note 16 - Pension Plans

School Employees 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

Lakeview Local School District
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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 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. 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, 2010, 2009 and 2008 were \$245,215, \$175,446, and \$193,739 respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

State Teachers Retirement System of Ohio

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, 2010, 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 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers

Lakeview Local School District
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For the Fiscal Year Ended June 30, 2010

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, 2010, 2009 and 2008 were \$935,659, \$832,175, and \$1,062,308 respectively; 84.39 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$20,485 made by the School District and \$14,632 made by the plan members.

Social Security System

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

Note 17 - Postemployment Benefits

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 2010, 0.46 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 2010, this amount was \$35,800. During fiscal year 2010, the School District paid \$29,939 in surcharge.

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, 2010, 2009 and 2008 were \$38,765, \$80,558, and \$88,409 respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

Lakeview Local School District
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The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009 and 2008 were \$14,582, \$15,105, and \$13,959 respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

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 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009 and 2008 were \$71,974, \$64,013, and \$81,716 respectively; 84.39 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 18 - Other Employee Benefits

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.

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.

Lakeview Local School District
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Note 19 - Risk Management

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 2010, the School District contracted for the following insurance coverage:

Coverage	Amount
Coverage provided by The Netherlands Insurance Company	
Building and Contents - replacement cost (\$2,500 deductible)	\$44,829,720
Inland Marine Coverage (\$250 deductible)	409,389
Boiler and Machinery (\$10,000 deductible)	No limit
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

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 \$1,056.27 for family coverage and \$406.11 for single coverage per employee per month. Premiums for dental coverage are \$73.37 monthly for family coverage and \$23.35 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.

Worker's Compensation

For fiscal year 2010, 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.

Lakeview Local School District
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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 20 - 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, 2010, 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 and capital acquisition. Disclosure of this information is required by State statute.

	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-Aside Reserve Balance as of June 30, 2009	\$142,053	\$183,474
Current Year Set-aside Requirement	334,571	334,571
Current Year Offsets	(221,126)	0
Qualifying Disbursements	(260,554)	(233,101)
Total	(\$5,056)	\$284,944
Set-aside Balance Carried Forward to Future Fiscal Years	\$0	\$284,944
Set-aside Reserve Balance as of June 30, 2010	\$0	\$284,944

The School District did not have qualified disbursements during the fiscal year to reduce the textbook/instructional materials set-aside amounts below zero. Therefore the set-aside balance will be carried forward to future fiscal years. While the qualifying disbursements during the fiscal year reduced the capital improvement set-aside amount to below zero, this amount may not be used to reduce the set-aside requirements of future fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$284,944.

LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education.</i>				
Child Nutrition Cluster:				
Non Cash Assistance (Food Distribution) National School Lunch Program	2010	10.555	\$ 46,439	\$ 46,439
Cash Assistance:				
National School Breakfast Program	2010	10.553	\$ 26,386	\$ 26,386
National School Lunch Program	2010	10.555	184,229	184,229
<i>Total Nutrition Cluster</i>			210,615	210,615
Total U.S. Department of Agriculture			257,054	257,054
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education.</i>				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	2009	84.010	18,357	25,877
Title I Grants to Local Educational Agencies	2010	84.010	194,186	189,351
ARRA - Title I Grants to Local Educational Agencies	2010	84.389	33,390	24,404
<i>Total Title I Grants to Local Educational Agencies</i>			245,933	239,632
Special Education Cluster (IDEA)				
Special Education Grants to States	2009	84.027	32,159	41,467
Special Education Grants to States	2010	84.027	317,878	309,899
ARRA - Special Education Grants to States	2010	84.391	332,902	294,229
<i>Total Special Education Grants to States</i>			682,939	645,595
Safe and Drug-Free Schools and Communities State Grants Title IV, Part A	2010	84.186	4,918	4,918
Jacob K. Javits Gifted and Talented Students Education Grant Program	2010	84.206	500	500
Education Technology State Grants Title II, Part D	2010	84.318	2,223	2,223
Improving Teacher Quality State Grants Title II, Part A	2009	84.367	0	6,096
Improving Teacher Quality State Grants Title II, Part A	2010	84.367	68,420	68,420
			68,420	74,516
ARRA - State Fiscal Stabilization Fund - Education State Grants	2010	84.394	436,285	436,285
Total U.S. Department of Education			1,441,218	1,403,669
Total Federal Financial Assistance			\$1,698,272	\$1,660,723

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

**LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Lakeview Local School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Government assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated commodities.



Dave Yost • 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 44410-1562

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lakeview Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 7, 2011. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

Voinovich Government Center, 242 Federal Plaza W. Suite 302, Youngstown, Ohio 44503-1293
Phone: 330-797-9900 or 800-443-9271 Fax: 330-797-9949

www.auditor.state.oh.us

Lakeview Local School District
Trumbull County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 7, 2011



Dave Yost • Auditor of State

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

Lakeview Local School District
Trumbull County
300 Hillman Drive
Cortland, Ohio 44410-1562

To the Board of Education:

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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



Dave Yost
Auditor of State

March 7, 2011

**LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

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 (CFDA#'s 84.027 & 84.391) State Fiscal Stabilization Fund (CFDA #84.394)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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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
MARCH 29, 2011