



Mary Taylor, CPA
Auditor of State

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lincolnview Local School District
Van Wert County
15945 Middle Point Road
Van Wert, Ohio 45891

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 Lincolnview Local School District, Van Wert County, (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

For the year ended June 30, 2009, the School District changed its financial presentation to a comprehensive basis of accounting other than generally accepted accounting principles as described in Note 3.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Mary Taylor, CPA
Auditor of State

September 30, 2009

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

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

Financial Highlights

Key financial highlights for 2009 are as follows:

- The total net assets of the School District decreased \$4,484,115 or 29.40 percent from fiscal year 2008.
- General receipts accounted for \$7,865,956 or 70.15 percent of total governmental activities receipts. Program specific receipts accounted for \$3,347,853 or 29.85 percent of total governmental activities receipts.
- The School District had \$15,697,924 in disbursements related to governmental activities; \$3,347,853 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts (primarily taxes) of \$7,865,956 were not adequate to provide for these programs.
- The School District's major funds are the general fund and classroom facilities fund. The general fund, the School District's largest major fund, had receipts and other financing sources of \$8,869,982 in 2009. The disbursements and other financing uses of the general fund, totaled \$7,798,652 in 2009. The general fund's balance increased \$1,071,330 from 2008 to 2009.
- The classroom facilities fund, a School District major fund, had receipts of \$262,397 in 2009. The classroom facilities fund had disbursements and other financing uses of \$4,779,281 in 2009. The classroom facilities fund balance decreased \$4,516,884 from 2008 to 2009.

Using the Basic Financial Statements

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

Basis of Accounting

The School District has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipts and disbursement basis presentation in a statement of net assets will be cash, cash equivalents and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and statement of activities reflect how the School District did financially during fiscal year 2009, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental type activities of the School District at the fiscal year end. The statement of activities compares cash disbursements with program receipts of each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of the particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's net cash position and the changes in cash position. Keeping in mind the limitations of the cash basis accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position in one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors as well such as the School District's property tax base, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and classroom facilities fund.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end available for spending in future periods. The governmental fund financial statements provide a detailed view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be readily spent to finance various School District programs. The School District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in a single column.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The School District's only fiduciary funds are a private-purpose trust fund and an agency fund.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

The School District as a Whole

The table below provides a summary of the School District's net assets for 2009 and 2008. The amounts for 2008 have been restated to conform to the cash basis of accounting which is the basis upon which the School District has presented the 2009 financial statements (see Note 3 to the financial statements for detail).

	Net Assets - Cash Basis	
	Governmental Activities	
	2009	(Restated) 2008
Assets		
Current and other assets	\$10,769,951	\$15,254,066
Total assets	10,769,951	15,254,066
Net Assets		
Restricted	2,347,383	7,725,253
Unrestricted	8,422,568	7,528,813
Total net assets	\$10,769,951	\$15,254,066

The total net assets of the School District decreased \$4,484,115, which represents a 29.40 percent decrease from fiscal year 2008. The balance of government-wide unrestricted net assets of \$8,422,568 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for fiscal year 2009 and 2008. The amounts for 2008 have been restated to conform to the cash basis of accounting which is the basis upon which the School District has presented the 2009 financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

Change in Net Assets - Cash Basis

	Governmental Activities	
	2009	(Restated) 2008
Receipts:		
Program receipts:		
Charges for services and sales	\$ 2,342,989	\$ 1,936,878
Operating grants and contributions	961,233	869,081
Capital grants and contributions	43,631	84,031
Total program receipts	<u>3,347,853</u>	<u>2,889,990</u>
General receipts:		
Property and other taxes	2,972,009	2,955,202
Payments in lieu of taxes	79,000	79,000
Grants and entitlements not restricted to specific programs	4,200,492	4,180,336
Ohio School Facilities Commission grant	199,877	6,404,679
Investment earnings	369,006	901,746
Other	45,572	67,227
Total general receipts	<u>7,865,956</u>	<u>14,588,190</u>
Total receipts	<u>11,213,809</u>	<u>17,478,180</u>
Disbursements:		
Instruction:		
Regular	3,356,075	3,278,778
Special	1,421,176	1,461,358
Vocational	173,647	167,132
Other	659,111	691,405
Support services:		
Pupil	166,856	192,222
Instructional staff	302,796	281,600
Board of education	28,440	28,919
Administration	887,189	889,990
Fiscal	287,408	254,016
Operations and maintenance	525,399	495,770
Pupil transportation	485,177	330,092
Central	15,229	14,983
Food service operations	307,602	275,896
Other non instructional services	13,760	22,144
Extracurricular activities	212,281	220,897
Facilities acquisition and construction	5,985,226	11,664,906
Debt service:		
Principal retirement	345,000	330,000
Interest and fiscal charges	525,552	537,124
Total disbursements	<u>15,697,924</u>	<u>21,137,232</u>
Change in net assets	<u>(4,484,115)</u>	<u>(3,659,052)</u>
Net assets at beginning of year (restated)	<u>15,254,066</u>	<u>18,913,118</u>
Net assets at end of year	<u>\$10,769,951</u>	<u>\$15,254,066</u>

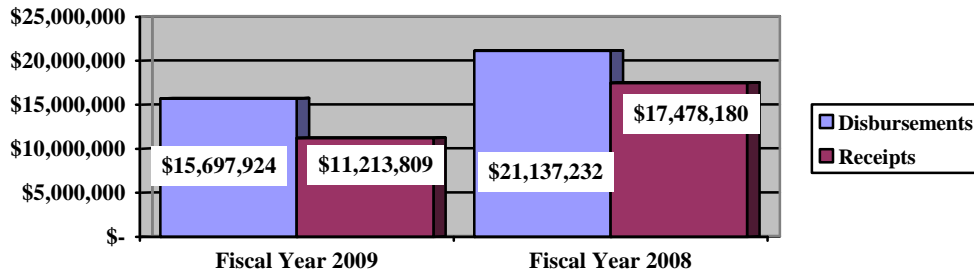
**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

Governmental Activities

Governmental net assets decreased by \$4,484,115 in 2009 from 2008. Total governmental disbursements of \$15,697,924 were offset by program receipts of \$3,347,853 and general receipts of \$7,865,956. Program receipts supported 21.33 percent of the total governmental disbursements. The completion of the Ohio School Facilities Commission (OSFC) building project in 2009 contributed to the decrease in general receipts and facilities acquisition and construction disbursements of 46.08 percent and 48.69 percent, respectively. The primary sources of receipts for governmental activities are derived from property and other taxes, payments in lieu of taxes, and grants and entitlements. These receipt sources represent 66.45 percent of total governmental receipts. Real estate property is reappraised every six years.

Governmental Activities - Total Receipts vs. Total Disbursements



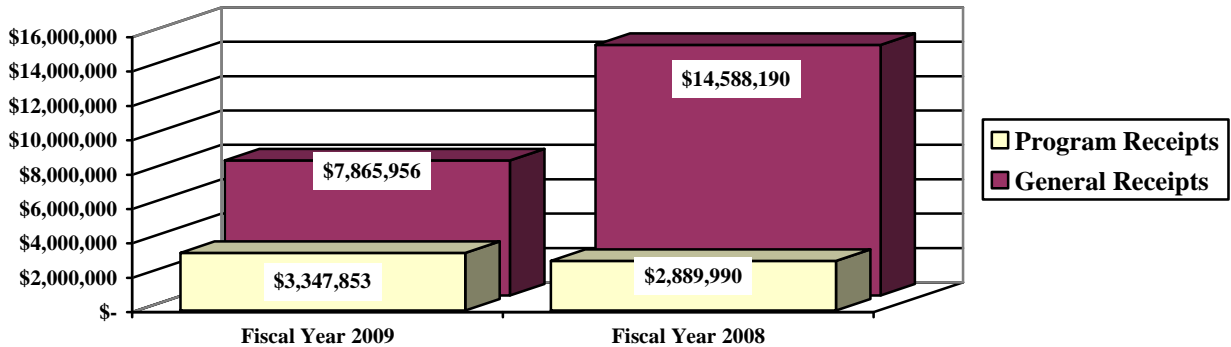
Governmental Activities				
	Total Cost of Services 2009	Net Cost of Services 2009	(Restated) Total Cost of Services 2008	(Restated) Net Cost of Services 2008
Disbursements:				
Instruction:				
Regular	\$ 3,356,075	\$ 2,122,077	\$ 3,278,778	\$ 2,233,295
Special	1,421,176	(45,071)	1,461,358	310,009
Vocational	173,647	140,478	167,132	141,607
Other	659,111	659,111	691,405	691,405
Support services:				
Pupil	166,856	137,732	192,222	136,937
Instructional staff	302,796	265,166	281,600	249,355
Board of education	28,440	17,680	28,919	16,569
Administration	887,189	823,926	889,990	826,761
Fiscal	287,408	287,408	254,016	254,016
Operations and maintenance	525,399	522,517	495,770	493,370
Pupil transportation	485,177	473,656	330,092	324,561
Central	15,229	9,229	14,983	8,983
Food service operations	307,602	(5,662)	275,896	(21,666)
Other non instructional services	13,760	(679)	22,144	5,377
Extracurricular activities	212,281	118,835	220,897	123,133
Facilities acquisition and construction	5,985,226	5,953,116	11,664,906	11,586,406
Debt service:				
Principal retirement	345,000	345,000	330,000	330,000
Interest and fiscal charges	525,552	525,552	537,124	537,124
Total	\$15,697,924	\$12,350,071	\$21,137,232	\$18,247,242

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

The dependence upon general receipts for governmental activities is apparent; with 78.67 percent of disbursements supported through taxes and other general receipts during 2009.

Governmental Activities - General and Program Receipts



The completion of the School District's OSFC building project in 2009 resulted in a significant decrease in monies received from the OSFC and resulted in a 46.08 percent decrease in general receipts during 2009.

The School District's Funds

The School District's governmental funds reported a combined fund balance of \$10,769,951, which is \$4,484,115 below last year's total of \$15,254,066. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and June 30, 2008, for all major and nonmajor governmental funds. The amounts for 2008 have been restated to conform to the cash basis of accounting which is the basis upon which the School District has presented the 2009 financial statements.

	Fund Balance June 30, 2009	(Restated) Fund Balance June 30, 2008	Increase/ (Decrease)
Major Funds:			
General	\$ 8,430,892	\$ 7,359,562	\$1,071,330
Classroom Facilities	1,181,013	5,697,897	(4,516,884)
Other Non-major Governmental Funds	1,158,046	2,196,607	(1,038,561)
Total	\$10,769,951	\$15,254,066	(\$4,484,115)

General Fund

The general fund, the School District's largest major fund, had receipts of \$8,845,983 in 2009. The disbursements of the general fund, totaled \$7,795,153 in 2009. The general fund's balance increased \$1,071,330 from 2008 to 2009.

The table that follows assists in illustrating the receipts of the general fund. The amounts for 2008 have been restated to conform to the cash basis of accounting which is the basis upon which the School District has presented the 2009 financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

	2009 Amount	(Restated) 2008 Amount	Percentage Change
Receipts:			
Taxes	\$2,026,796	\$2,005,651	1.05 %
Tuition	1,938,622	1,521,676	27.40 %
Classroom materials and fees	26,676	24,089	10.74 %
Earnings on investments	300,439	397,899	(24.49) %
Other local revenues	64,100	42,118	52.19 %
Payments in lieu of taxes	79,000	79,000	- %
Intergovernmental - State	4,410,350	4,348,254	1.43 %
Total	<u>\$8,845,983</u>	<u>\$ 8,418,687</u>	5.08 %

Earnings on investments decreased due to lower interest rates during the year. Tuition receipts increased \$416,946 or 27.40 percent due to the number of out of district students. Other local revenues increased by \$21,982 or 52.19 percent as a result of professional development program reimbursements received by the School District during 2009. All other receipts remained comparable to 2008.

The table that follows assists in illustrating the disbursements of the general fund. The amounts for 2008 have been restated to conform to the cash basis of accounting which is the basis upon which the School District has presented the 2009 financial statements.

	2009 Amount	(Restated) 2008 Amount	Percentage Change
Disbursements:			
Instructional	\$5,252,353	\$ 5,253,259	(0.02) %
Support services	2,412,260	2,292,664	5.22 %
Extracurricular	124,734	122,735	1.63 %
Facilities acquisition and construction	5,806		100.00 %
Total	<u>\$7,795,153</u>	<u>\$7,668,658</u>	1.65 %

Disbursements remained comparable to 2009. Although facilities acquisition and construction increased 100 percent, the dollar amount was not significant. Overall, disbursements increased \$126,495 from 2008.

Classroom Facilities Fund

The classroom facilities fund, a School District major fund, had receipts of \$262,397 in 2009. The classroom facilities fund had disbursements and other financing uses of \$4,779,281 in 2009. The classroom facilities fund balance decreased \$4,516,884 from 2008 to 2009. The significant decrease in fund balance was a result of the completion of the Ohio School Facilities Commission building project during 2009.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

Budgeting Highlights - General Fund

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

For the general fund, final budget basis receipts were equal to original budget estimates of \$8,607,847. Actual receipts of \$8,869,982 were higher than budgeted estimates in the amount of \$262,135. The final budgetary basis disbursements and other financing uses were equal to original budget estimates of \$8,232,715. The actual budgetary basis disbursements of \$7,800,242 were \$432,473 less than the original and final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The School District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The School District had facilities acquisition and construction disbursements of \$5,985,226 during fiscal year 2009.

Debt Administration

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

	Governmental Activities 2009	Governmental Activities 2008
General obligation bonds	<u>\$12,215,326</u>	<u>\$12,475,906</u>

For further information regarding the School District's debt, refer to Note 9 to the financial statements.

Current Financial Related Activities

The School District is holding its own in a State with declining economy and uncertainty in State funding. Lincolnview is a small rural local school district of 6,000 people in Northwest Ohio. It has a limited number of small and medium businesses with agriculture having a large influence on the economy.

The School District is currently operating in the second year of a biennium budget. Fifty-one percent of the School District's receipt source is from local funds, forty-four percent is from State funds and the remaining five percent is from Federal funds. The total disbursement per pupil was calculated at \$8,755.

Over the past several years, the School District has remained in good financial position. However, future finances are not without challenges as State funding is revised. Some of these challenges are in the areas of State funding for schools in the light of the DeRolph court case and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Troy Bowersock, Treasurer, Lincolnview Local School District, 15945 Middle Point Road, Van Wert, Ohio 45891.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents	\$10,546,805
Cash with escrow agent	221,177
Cash with fiscal agent	1,969
Total assets	<u>10,769,951</u>
 Net Assets:	
Restricted for:	
Capital projects	1,567,236
Debt service	336,902
Classroom facilities maintenance	196,304
Federally funded programs	3,890
Student activities	33,193
Public school support	23,858
Other purposes	186,000
Unrestricted	8,422,568
Total net assets	<u>\$10,769,951</u>

See accompanying notes to the basic financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Net (Disbursements)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Receipts and Changes in Net Assets</u>
					<u>Governmental Activities</u>
Governmental activities:					
Instruction:					
Regular	\$3,356,075	\$1,204,802	\$29,196		(\$2,122,077)
Special	1,421,176	793,404	672,843		45,071
Vocational	173,647		33,169		(140,478)
Other	659,111				(659,111)
Support services:					
Pupil	166,856		29,124		(137,732)
Instructional staff	302,796	4,278	33,352		(265,166)
Board of education	28,440		10,760		(17,680)
Administration	887,189	48,745	14,518		(823,926)
Fiscal	287,408				(287,408)
Operations and maintenance	525,399	2,882			(522,517)
Pupil transportation	485,177			\$11,521	(473,656)
Central	15,229		6,000		(9,229)
Operation of non-instructional services:					
Food service operations	307,602	191,823	121,441		5,662
Other non-instructional services	13,760	8,175	6,264		679
Extracurricular activities	212,281	88,880	4,566		(118,835)
Facilities acquisition and construction	5,985,226			32,110	(5,953,116)
Debt service:					
Principal retirement	345,000				(345,000)
Interest and fiscal charges	525,552				(525,552)
Total governmental activities	<u>\$15,697,924</u>	<u>\$2,342,989</u>	<u>\$961,233</u>	<u>\$43,631</u>	<u>(12,350,071)</u>
General Receipts:					
Property taxes levied for:					
General purposes					2,026,796
Debt service					781,301
Facilities maintenance					30,820
Capital projects					133,092
Payment in lieu of taxes					79,000
Grants and entitlements not restricted to specific programs					4,200,492
Grants and entitlements restricted for Ohio					
School Facilities Commission					199,877
Investment earnings					369,006
Miscellaneous					45,572
Total general revenues					<u>7,865,956</u>
Change in net assets					(4,484,115)
Net assets at beginning of year (restated)					<u>15,254,066</u>
Net assets at end of year					<u>\$10,769,951</u>

See accompanying notes to the basic financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$8,422,568	\$959,836	\$1,156,077	\$10,538,481
Cash with escrow agent		221,177		221,177
Cash with fiscal agent			1,969	1,969
Restricted assets:				
Equity in pooled cash and cash equivalents	8,324			8,324
Total assets	<u>8,430,892</u>	<u>1,181,013</u>	<u>1,158,046</u>	<u>10,769,951</u>
Fund Balances:				
Reserved for encumbrances	1,890			1,890
Reserved for debt service			336,902	336,902
Reserved for school bus purchases	8,324			8,324
Unreserved, undesignated, reported in:				
General fund	8,420,678			8,420,678
Special revenue funds			434,921	434,921
Capital projects funds		1,181,013	386,223	1,567,236
Total fund balances	<u>\$8,430,892</u>	<u>\$1,181,013</u>	<u>\$1,158,046</u>	<u>\$10,769,951</u>

See accompanying notes to the basic financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
From local sources:				
Taxes	\$2,026,796		\$945,213	\$2,972,009
Tuition	1,938,622		7,920	1,946,542
Earnings on investments	300,439	\$62,520	6,047	369,006
Charges for services			191,823	191,823
Classroom materials and fees	26,676		36,521	63,197
Transportation fees				
Extracurricular			88,880	88,880
Other local revenues	64,100		100,868	164,968
Payments in lieu of taxes	79,000			79,000
Intergovernmental - State	4,410,350	199,877	213,424	4,823,651
Intergovernmental - Federal			492,845	492,845
Total receipts	<u>8,845,983</u>	<u>262,397</u>	<u>2,083,541</u>	<u>11,191,921</u>
Disbursements:				
Current:				
Instruction:				
Regular	3,311,212		44,863	3,356,075
Special	1,108,383		312,793	1,421,176
Vocational	173,647			173,647
Other	659,111			659,111
Support Services:				
Pupil	137,651		29,205	166,856
Instructional staff	268,291		34,505	302,796
Board of education	28,440			28,440
Administration	839,000		48,189	887,189
Fiscal	256,989		30,419	287,408
Operations and maintenance	525,399			525,399
Pupil transportation	347,261		137,916	485,177
Central	9,229		6,000	15,229
Operation of non-instructional services:				
Food service operations			307,602	307,602
Other non-instructional services			13,760	13,760
Extracurricular activities	124,734		87,547	212,281
Facilities acquisition and construction	5,806	4,577,315	1,402,105	5,985,226
Debt service:				
Principal retirement			345,000	345,000
Interest and fiscal charges			525,552	525,552
Total disbursements	<u>7,795,153</u>	<u>4,577,315</u>	<u>3,325,456</u>	<u>15,697,924</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,050,830</u>	<u>(4,314,918)</u>	<u>(1,241,915)</u>	<u>(4,506,003)</u>
Other financing sources (uses):				
Transfers in			683,767	683,767
Transfers (out)	(3,499)	(201,966)	(478,302)	(683,767)
Advance in	2,111			2,111
Advance (out)			(2,111)	(2,111)
Sale of assets	1,551			1,551
Insurance proceeds	20,337			20,337
Total other financing sources (uses)	<u>20,500</u>	<u>(201,966)</u>	<u>203,354</u>	<u>21,888</u>
Net change in fund balances	1,071,330	(4,516,884)	(1,038,561)	(4,484,115)
Fund balances at beginning of year (restated)	7,359,562	5,697,897	2,196,607	15,254,066
Fund balances at end of year	<u>\$8,430,892</u>	<u>\$1,181,013</u>	<u>\$1,158,046</u>	<u>\$10,769,951</u>

See accompanying notes to the basic financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
From local sources:				
Taxes	\$1,953,300	\$1,953,300	\$2,026,796	\$73,496
Tuition	1,828,700	1,828,700	1,938,622	109,922
Earnings on investments	300,000	300,000	300,439	439
Classroom materials and fees	24,089	24,089	26,676	2,587
Other local revenues	45,058	45,058	51,539	6,481
Payments in lieu of taxes	70,000	70,000	79,000	9,000
Intergovernmental - State	4,379,600	4,379,600	4,410,350	30,750
Total receipts	8,600,747	8,600,747	8,833,422	232,675
Disbursements:				
Current:				
Instruction:				
Regular	3,292,019	3,292,019	3,311,785	(19,766)
Special	1,216,050	1,216,050	1,108,683	107,367
Vocational	175,500	175,500	173,647	1,853
Other	727,800	727,800	659,111	68,689
Support Services:				
Pupil	149,500	149,500	137,651	11,849
Instructional staff	269,450	269,450	268,291	1,159
Board of education	34,400	34,400	28,440	5,960
Administration	859,997	859,997	839,000	20,997
Fiscal	236,500	236,500	256,542	(20,042)
Operations and maintenance	606,978	606,978	526,116	80,862
Pupil transportation	380,571	380,571	347,261	33,310
Central	12,450	12,450	9,229	3,221
Extracurricular activities	131,700	131,700	124,734	6,966
Facilities acquisition and construction	10,000	10,000	5,806	4,194
Total disbursements	8,102,915	8,102,915	7,796,296	306,619
Excess of receipts over disbursements	497,832	497,832	1,037,126	539,294
Other financing sources (uses):				
Sale of assets			1,551	1,551
Insurance proceeds			20,337	20,337
Refund of prior year expenditure	5,000	5,000	12,561	7,561
Transfers (out)	(800)	(800)	(3,499)	(2,699)
Advances in	2,100	2,100	2,111	11
Other use of funds	(129,000)	(129,000)	(447)	128,553
Total other financing sources (uses)	(122,700)	(122,700)	32,614	155,314
Net change in fund balance	375,132	375,132	1,069,740	694,608
Fund balance at beginning of year	7,338,976	7,338,976	7,338,976	
Prior year encumbrances appropriate	20,286	20,286	20,286	
Fund balance at end of year	\$7,734,394	\$7,734,394	\$8,429,002	\$694,608

See accompanying notes to the basic financial statements.

LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

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

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$9,284	\$23,747
Net Assets:		
Endowment	5,000	
Held in trust for scholarships	4,284	
Held for student activities		23,747
Total net assets	\$9,284	\$23,747

See accompanying notes to the basic financial statements.

LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions	\$1,489
Interest	107
Total additions	1,596
Deductions:	
Scholarships awarded	250
Change in net assets	1,346
Net assets at beginning of year (restated) .	7,938
Net assets at end of year	\$9,284

See accompanying notes to the basic financial statements.

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

1. REPORTING ENTITY

The Lincolnview Local School District (the "School District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State and Federal guidelines.

The School District is the 506th largest in the State of Ohio, among 922 schools, in terms of enrollment. It is staffed by 37 classified employees and 76 certified teaching personnel, who provide services to 911 students and other community members. The Board oversees the operations of the School District's instructional/support facility.

A. Primary Government

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 the School District, this includes general operations, food service, and student related activities of the School District.

B. Component Units

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's government board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School District is obligated for the debt of the organization. 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. Based upon the application of these criteria, the School District has no component units.

C. Other Organizations

The basic financial statements of the reporting entity include only those of the School District (the primary government). The following organizations are described due to their relationship to the School District:

Jointly Governed Organizations

Northwest Ohio Area Computer Services Cooperative (NOACSC) - The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public and non-public school districts within the boundaries of Allen, Auglaize, Hancock, Hardin, Lucas, Mercer, Paulding, Putnam, Van Wert and Wood counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts.

The governing board of NOACSC consists of two representatives from each county, elected by majority vote of all charter member school districts within each county, plus one representative from the fiscal agent school district. Financial information is available from Ray Burden, Executive Director, at 645 South Main Street, Lima, Ohio 45804.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

1. REPORTING ENTITY (Continued)

Western Buckeye Local Professional Development Consortium - The School District is a participant in the Western Buckeye Local Professional Development Consortium (the "Consortium") which is a regional council of governments established to provide professional education license renewal standards and procedures.

The Consortium is governed by a board made up of one teacher from Crestview Local School District, one teacher from Lincolnview Local School District, two teachers from Van Wert City School District, three teachers from Vantage Career Center, two teachers collectively from the Western Buckeye Educational Service Center and the Thomas Edison Mental Retardation and Developmentally Disabled and one principal from the schools of the Consortium with terms of three years. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Western Buckeye Educational Service Center, 216 Central Avenue, Van Wert, Ohio.

Northwestern Ohio Educational Research Council, Inc. (NOERC) - The School District is a participant in the Northwestern Ohio Educational Research Council (NOERC), which provides educational entities with a better understanding of their common educational problems, facilitates and conducts practical educational research, coordinates research among members and provides opportunities for training. NOERC serves a twenty-five county area in northwest Ohio.

The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

Vantage Career Center - The Vantage Career Center (the "Center") is a distinct political subdivision of the State of Ohio, which provides vocational education to students. The Center is operated under the direction of a Board consisting of one representative from each participating school districts' elected boards. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio 45891.

The School District also participates in two group purchasing pools for insurance, described in Note 11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following are the more significant of the School District's accounting policies.

A. Basis of Accounting

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

As a result of the use of the cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

B. Basis of Presentation

The School District's basic financial statements consist of government-wide financial 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.

1. 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 cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts which are not classified as program receipts. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the School District's general receipts.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain functions or activities in separate funds in order to aid in financial management and 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 fund type.

C. 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. The School District does not have any proprietary funds.

1. 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.

The following are the School District's major governmental funds:

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

Classroom Facilities Fund - The classroom facilities fund is used to account for the revenues and expenditures related to the construction of new School District buildings.

Other governmental funds of the School District are used to account for (a) principal and interest payments related to debt; (b) for financial resources to be used for the acquisition, construction, or improvement of capital facilities not already accounted for in the classroom facilities fund; (c) for grants and other resources whose use is restricted to a particular purpose; and (d) for food service operations.

2. 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 available to support the School District's own programs. The School District's trust fund accounts for student scholarships. 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.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function for the general fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget:

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

2. Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final certificate of estimated resources issued during the fiscal year.

3. Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 budget amounts reflect the first appropriations that covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

E. Cash and Investments

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

During fiscal year 2009, investments were limited to non-negotiable certificates of deposit, U.S. government money market mutual funds and State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the School District, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$300,439, which includes \$48,526 assigned from other funds.

An analysis of the School District's investment account at year end is provided in Note 5.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Net assets restricted for other purposes include resources restricted for school bus purchases. The School District did not have any net assets restricted by enabling legislation at June 30, 2009.

G. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

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

J. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 12 and 13, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

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

L. Fund Balance Reserves

The School District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, debt service and school bus purchases.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. There were no net assets restricted by enabling legislation. The amount restricted for other purposes include amounts restricted for food service operations, school supplies, school bus purchases and expendable trusts.

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

N. Interfund Activity

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

Interfund activity between governmental funds is eliminated in the statements of activities.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

3. ACCOUNTABILITY

Change in Basis of Accounting

During 2009, the School District changed from the accrual basis of accounting to the cash basis of accounting (see Note 2.A). The School District has also elected to present the cash basis financial statements in a GASB 34 like format. The fund balances for June 30, 2008 have been restated to account for the change in accounting principle, which effectively eliminated balance sheet accruals.

For reporting in accordance with GASB 34-like statements, the School District is required to present government-wide financial statements. These statements consolidate all governmental activities in a single column.

The transition from the accrual basis of accounting to the cash basis of accounting had the following effect on fund balances at June 30, 2008:

	<u>General</u>	<u>Classroom Facilities</u>	<u>Non-Major Governmental</u>	<u>Total</u>
Fund Balance at June 30, 2008	\$6,839,197	\$4,660,240	\$2,049,730	\$13,549,167
Change in Reporting:				
Basis Adjustments	520,365	1,037,657	146,877	1,704,899
Restated Fund Balance at June 30, 2008	<u>\$7,359,562</u>	<u>\$5,697,897</u>	<u>\$2,196,607</u>	<u>15,254,066</u>
Governmental Activities:				
Net Assets at June 30, 2008				<u>\$15,254,066</u>

The governmental activities net assets at June 30, 2008 equal the restated fund balances at June 30, 2008.

The transition from the accrual basis of accounting to the cash basis of accounting had the following effect on the net assets of the private-purpose trust fund at June 30, 2008:

	<u>Private-Purpose Trust</u>
Net Assets at June 30, 2008	\$8,048
Change in Reporting	
Basis Adjustments	(110)
Restated Net Assets at June 30, 2008	<u>\$7,938</u>

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash). The encumbrances outstanding at year-end (budgetary basis) amounted to \$1,890 in the general fund.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

5. DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

A. Cash with Escrow Agent

At fiscal year end, the School District had \$221,177 on deposit in escrow accounts for retainage. This amount is not included in the total amount of deposits reported below. This amount is not part of the internal cash pool and is reported separately on the financial statements as "cash with escrow agent".

B. Cash with Fiscal Agent

At fiscal year end, the School District had \$1,969 on deposit with a fiscal agent. This amount is not included in the total amount of deposits reported below. This amount is not part of the internal cash pool and is reported separately on the financial statements as "cash with fiscal agent".

C. Cash on Hand

At fiscal year end, the School District had \$3,371 in undeposited cash on hand which is included on the financial statements of the School District as part of "equity in pooled cash and cash equivalents."

D. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all School District deposits was \$7,463,158. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2009, \$5,760,191 of the School District's bank balance of \$7,589,711 was exposed to custodial risk as discussed below, while \$1,829,520 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

E. Investments

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
U.S. Government money market mutual fund	\$889,109	\$ 889,109
STAR Ohio	2,224,198	2,224,198
Total	<u>\$3,113,307</u>	<u>\$3,113,307</u>

Interest Rate Risk: The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: Standard & Poor's has assigned STAR Ohio and the U.S. Government money market mutual fund an AAA money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
U. S. Government Money Market Mutual Fund	\$ 889,109	28.55
Star Ohio	2,224,198	71.45
	<u>\$3,113,307</u>	<u>100.00</u>

F. Reconciliation of Cash and Investments to the Statement of Net Assets - Cash Basis

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

Cash and Investments Per Note:	
Carrying amount of deposits	\$ 7,463,158
Investments	3,113,307
Cash on hand	3,371
Cash with escrow agent	221,177
Cash with fiscal officer	1,969
Total	<u>\$10,802,982</u>
Cash and investments per statement of net assets:	
Governmental activities	\$10,769,951
Private purpose trust fund	9,284
Agency funds	23,747
Total	<u>\$10,802,982</u>

6. INTERFUND TRANSACTIONS

A. Interfund advances at June 30, 2009 reported on the fund statements, consisted of a repayment of a prior period advance as follows:

Advance from	Advance to	Amount
Non-major governmental funds	General fund	<u>\$2,111</u>

The primary purpose of the interfund advances was to repay prior year loans used to cover costs in specific funds where receipts were not received by June 30. Interfund advances between governmental funds are eliminated on the government-wide financial statements.

B. Interfund transfers for the fiscal year ended June 30, 2009, consisted of the following, as reported on the fund statements:

	Amount
Transfers to non-major governmental fund from:	
General fund	\$ 3,499
Transfers to building fund (a non-major governmental fund) from:	
Classroom facilities fund	201,966
Permanent improvement fund (a non-major governmental fund)	478,302
Total	<u>\$683,767</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them and to use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in compliance with Ohio Revised Code Sections 3318.12 and 5705.14. Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore no transfers are reported in the statement of activities.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

7. PROPERTY TAXES (Continued)

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2009 (other than public utility property) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2009, on the value as of December 31, 2008. For 2008, tangible personal property is assessed at 6.25 percent for property including inventory. This percentage was reduced to zero for 2009.

Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in 2009 and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In calendar years 2009-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Van Wert 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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date tax bills are sent.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

7. PROPERTY TAXES (Continued)

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

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential	\$64,159,080	91.38	\$79,708,590	93.62
Industrial/commercial and other real estate	2,121,500	3.02	2,318,710	2.72
Public utility personal	2,832,580	4.03	2,926,700	3.44
Tangible personal property	1,101,580	1.57	187,250	0.22
Total	\$70,214,740	100.00	\$85,141,250	100.00
Tax rate per \$1,000 of assessed valuation	\$62.05		\$59.80	

8. PAYMENT IN LIEU OF TAXES

According to State law, Van Wert County has entered into agreements with property owners under which the county granted property tax abatements to those property owners. The property owners have agreed to make payments to the School District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The agreements provide for a portion of these payments to be made to the School District. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires.

9. LONG-TERM OBLIGATIONS

During fiscal year 2009, the following activity occurred in long-term obligations:

	Balance at June 30, 2008	Additions	Reductions	Balance at June 30, 2009	Amounts Due Within One Year
General obligation bonds:					
Series 2005, refunding					
Current interest bonds	\$ 4,260,000		(\$255,000)	\$ 4,005,000	\$265,000
Capital appreciation bonds	311,173			311,173	
Accreted interest	204,733	\$84,420		289,153	
Series 2006					
Building improvement					
Current interest bonds	2,760,000	-	(30,000)	2,730,000	30,000
Series 2006					
Classroom Facilities					
Current interest bonds	4,940,000		(60,000)	4,880,000	60,000
Total G.O. Bonds	\$12,475,906	\$84,420	(\$345,000)	\$12,215,326	\$355,000

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

9. LONG-TERM OBLIGATIONS (Continued)

Series 2005, refunding bonds - On March 1, 2005, the School District issued general obligation school improvement refunding bonds. The refunding issue is comprised of both current interest bonds, par value \$5,000,000 and capital appreciation bonds, par value \$311,173. The interest rate on the current interest bonds range from 3 to 4.75 percent. The capital appreciation bonds mature on December 1, 2012, December 1, 2013, December 1, 2014 and December 1, 2015, with an average interest rate of 15.774 percent, at a redemption price equal to 100 percent of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,250,000. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final stated maturity of the current interest bonds is December 1, 2023.

The 1997 School Improvement bonds in the amount of \$5,400,215 were refunded through the purchase of U.S. Treasury obligations having the amounts and maturities to generate a cash flow sufficient to meet the principal and interest payments due over the life of the remaining bonds. The investments and the uninvested cash are being held in an irrevocable trust. The 1997 School Improvement bonds are considered defeased (in-substance) and accordingly, have been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$556,365. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

Series 2006, building improvement bonds - On December 28, 2005 the School District issued \$2,832,558 in private placement bonds for the purpose of making improvements to buildings in the School District. The bond issue included term bonds in the amount of \$2,832,558 at an interest rate of 4.58 percent. Interest payments on the bonds are due on June 1 and December 1 of each year. The bonds were issued with a final maturity of December 1, 2033. The bonds will be retired from the bond retirement fund.

Series 2006, classroom facilities bonds - On February 22, 2006 the School District issued \$5,038,976 in private placement bonds for the purpose of constructing a new building, under authority of Ohio Revised Code Section 3317.22. The bond issue included term bonds in the amount of \$5,038,976 at an interest rate of 4.63 percent. Interest payments on the bonds are due on June 1 and December 1 of each year. The bonds were issued with a final maturity of December 1, 2033. The bonds will be retired from the bond retirement fund.

The scheduled payments of principal and interest on debt outstanding at June 30, 2009 are as follows:

Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 355,000	\$ 513,658	\$ 868,658			
2011	380,000	501,060	881,060			
2012	395,000	486,291	881,291			
2013	145,000	474,725	619,725	\$ 94,236	\$210,764	\$ 305,000
2014	155,000	467,806	622,806	82,311	227,689	310,000
2015-2019	2,020,000	2,152,377	4,172,377	134,626	500,374	635,000
2020-2024	3,640,000	1,478,948	5,118,948			
2025-2029	1,990,000	823,434	2,813,434			
2030-2034	2,535,000	298,470	2,833,470			
Total	<u>\$11,615,000</u>	<u>\$7,196,769</u>	<u>\$18,811,769</u>	<u>\$311,173</u>	<u>\$938,827</u>	<u>\$1,250,000</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

9. LONG-TERM OBLIGATIONS (Continued)

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9 percent of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1 percent of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1 percent of the property valuation of the School District.

The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The Ohio Revised Code further provides that when a Board of Education declares a resolution that the student population is not adequately served by existing facilities and that insufficient capacity exists within the 9 percent limit to finance additional facilities, the State Department of Education may declare that a School District is a "special needs" School District. This permits the incurrence of additional debt based upon projected 5-year growth of the School District's assessed valuation. The School District was determined to be a "special needs" School District. In addition, the unvoted net debt of a School District cannot exceed 0.1 percent of the total assessed value of property. On June 30, 2009, the School District had no unvoted debt.

10. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 190 days for eligible personnel. Upon retirement, payment is made for 25 percent of accrued, but unused sick leave credit up to a maximum of 30 days. Certified staff will receive one-third of all days in excess of 120 days to a maximum of \$1,000 for the second tier calculation.

B. Health Care Benefits

The School District provides medical, dental, vision and life insurance to all employees through the Van Wert Area School Insurance Group (Note 11). Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies depending on the terms of the union contract.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

11. RISK MANAGEMENT

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 2009, the School District contracted for the following insurance coverage through the Phelan Insurance Agency:

Commercial property and contents –	
Replacement cost (\$2,500 deductible)	\$24,917,360
General liability (\$2,000,000 aggregate)	1,000,000
Per occurrence (includes \$4,000,000 umbrella)	5,000,000
Total per year	6,000,000
Errors and omissions (\$2,500 deductible)	1,000,000

During fiscal year 2009, the School District also carried Builders Risk Insurance in the following amounts:

Building	\$21,000,000
Earthquake and Flood	5,000,000 each.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2008.

Group Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) - The School District participates in a group rating program (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Plan was established through the Ohio School Board Association as a group insurance purchasing pool. The GRP is intended to reduce premiums for the participants. The workers' compensation experience of the participating schools is calculated as one experience and a common premium rate is applied to all schools 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. Participation in the GRP is limited to educational entities that can meet the GRP's selection criteria. Each participant must apply annually. The GRP provides the participants with a centralized program for processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees and perform its obligations in accordance with the terms of the agreement. Each year, the participating school pays an enrollment fee to the GRP to cover the costs of administering the program. The firm of Gates, McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Van Wert Area School Insurance Group (VWASIG) – The VWASIG is a public entity shared risk pool consisting of five members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code to provide life insurance and pay medical/surgical, prescription drug, and dental benefits of employees and their covered dependents. The medical insurance program operates under the control of a Board of Trustees representing the member schools and is administered by Anthem Blue Cross Blue Shield through a Third Party Administrator, Pinnacle Advisory Group. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Van Wert City School District, 205 West Crawford Street, Van Wert, Ohio 45891.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 12. As such, no funding provisions are required by the School District.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

12. PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code.

SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

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 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. 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, 2009, 2008 and 2007 were \$76,647, \$74,220 and \$76,870, respectively; 52.12 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. 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.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

12. PENSION PLANS (Continued)

A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2009, 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. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$505,948, \$493,473 and \$479,561, respectively; 83.23 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

C. Social Security System

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

13. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

13. POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$51,026, \$45,898 and \$40,663, respectively; 52.12 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll.

The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$6,324, \$5,348 and \$5,227, respectively; 52.12 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, 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, 2009, 2008, and 2007 were \$38,919, \$37,959 and \$36,889, respectively; 83.23 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

14. STATUTORY RESERVES

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 year-end 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 purpose in future years.

The following cash basis information describes the change in the fund balance reserves for textbooks and capital improvements during fiscal year 2009.

	Instructional Materials/ Textbooks	Capital Acquisition
Set-aside cash balance as of June 30, 2008	(\$150,407)	(\$7,871,534)
Current year set-aside requirement	138,288	138,288
Permanent improvement levy proceeds offset		(162,903)
Qualifying disbursements	(222,414)	(124,525)
Total	(234,533)	(8,020,674)
Balance carried forward to fiscal year 2010	(\$234,533)	(\$7,871,534)

The School District had qualifying disbursements during the year that reduced the textbooks/instructional materials and capital acquisition set-aside amounts below zero. The textbook/instructional materials extra amount may be used to reduce the set-aside requirements of future years. The negative amount is therefore presented as being carried forward to the next fiscal year. The School District had qualifying bond proceeds, in prior years, which reduced the capital acquisition set aside amount below zero. Only this amount may be used to reduce the capital acquisition set aside requirement in future years.

The School District also received monies restricted for school bus purchases. The governmental fund restricted assets at June 30, 2009 for school bus purchases was \$8,324.

15. ENDOWMENTS

The School District's private-purpose trust fund included a donor restricted endowment. The endowment, in the amount of \$5,000, represents the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$4,284 for 2009 and is included as held in trust for student scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used for the special education program.

16. SERVICE CONTRACT COMMITMENTS

The School District has entered into contracts with STARR Commonwealth Schools and the Marsh Foundation. The students who attend these schools are by court order or other placement. The schools are located in the School District and these students are entitled to an education from the School District by State law. The School District provides materials and teaching personnel for the education of these students. They are then reimbursed for the excess costs at the end of the fiscal year.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

17. CONTINGENCIES

A. Grants

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

B. Litigation

There are no legal matters in litigation with the School District as defendant.

**LINCOLNVIEW LOCAL CHOOOL DISTRICT
VAN WERT COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
(Passed through Ohio Department of Education)					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555		\$45,947		\$45,947
Cash Assistance					
School Breakfast Program	10.553	\$11,953		\$11,953	
National School Lunch Program	10.555	107,165		107,165	
Total Cash Assistance		<u>119,118</u>		<u>119,118</u>	
Total for Child Nutrition Cluster		<u>119,118</u>		<u>119,118</u>	
Total U.S. Department of Agriculture		<u>119,118</u>	<u>45,947</u>	<u>119,118</u>	<u>45,947</u>
U.S. DEPARTMENT OF EDUCATION					
(Passed through Ohio Department of Education)					
Title I Grants to Local Educational Agencies	84.010	181,074		180,211	
Special Education Grants to States	84.027	151,151		151,772	
Safe and Drug Free Schools	84.186	1,858		1,858	
State Grants for Innovative Programs	84.298	9,661		9,661	
Education Technology State Grants	84.318	551		529	
Improving Teacher Quality State Grants	84.367	16,634		14,854	
Total U.S. Department of Education		<u>360,929</u>		<u>358,885</u>	
Total Federal Assistance		<u>\$480,047</u>	<u>\$45,947</u>	<u>\$478,003</u>	<u>\$45,947</u>

See accompanying notes to the schedule of federal awards receipts and expenditures.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Mary Taylor, CPA

Auditor of State

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

Lincolnview Local School District
Van Wert County
15945 Middle Point Road
Van Wert, Ohio 45891

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 the Lincolnview Local School District, Van Wert County, (the School District) as of and for the years ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 30, 2009, wherein we noted the School District uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We did note a noncompliance or other matter that we reported to the School District's management in a separate letter dated September 30, 2009.

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

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

Mary Taylor, CPA
Auditor of State

September 30, 2009



Mary Taylor, CPA

Auditor of State

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

Lincolnview Local School District
Van Wert County
15945 Middle Point Road
Van Wert, Ohio 45891

To the Board of Education:

Compliance

We have audited the compliance of Lincolnview Local School District, Van Wert County, (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School 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 School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School 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 School District's compliance with those requirements.

In our opinion, Lincolnview Local School District, Van Wert County, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The School 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 School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

**Internal Control Over Compliance
(Continued)**

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

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

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

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



Mary Taylor, CPA
Auditor of State

September 30, 2009

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

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):	Nutrition Cluster (CFDA#10.553 and 10.555) Title I – Grants to Local Educational Agencies (CFDA#84.010)
<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?	No

**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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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Lincolnview Local School District
Van Wert County
15945 Middle Point Road
Van Wert, Ohio 45891

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 11, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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

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

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



Mary Taylor, CPA
Auditor of State

September 30, 2009



Mary Taylor, CPA
Auditor of State

LINCOLNVIEW LOCAL SCHOOL DISTRICT

VAN WERT 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
NOVEMBER 5, 2009**