



Dave Yost • Auditor of State

**LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY**

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**LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lake Local School District
Stark County
11936 King Church Avenue, NW
Uniontown, Ohio 44685

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Local School District, Stark County, Ohio, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Local School District, Stark County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

As further described in Note 3 to the basic financial statements, the District restated its July 1, 2010 governmental fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54. In addition, the District restated its July 1, 2010 governmental and business type activities net assets due to changing their capital asset threshold.

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

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



Dave Yost
Auditor of State

January 17, 2012

Lake Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The discussion and analysis of the Lake 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, 2011. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers should review the notes to the financial statements as well as the financial statements themselves to enhance their understanding of the School District's finances.

Financial Highlights

Key Financial Highlights for 2011 are as follows:

- ❑ Total revenues for governmental activities were \$37.2 million in fiscal year 2011. General revenues accounted for \$32.7 million or 88% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4.5 million or 12%. The business-type activities had \$1.2 million in program revenues.
- ❑ Program expenses were \$35.0 million in governmental activities and \$1.2 million in business type activities.
- ❑ In total, net assets increased \$2.2 million from fiscal year 2010. Net assets of governmental activities increased \$2.2 million, and net assets of business-type activities decreased \$29,300 from 2010.
- ❑ Long term debt and related charges decreased \$.8 million through payments of principal and related liabilities of \$1.1 million and an increase in accretion of \$.3 million.

Using this Annual Report

This annual report consists of the MD&A, the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those 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 Lake Local School District, the general fund and debt service funds are the most significant funds.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Lake Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

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

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** - Most of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District adult and supplemental education programs, food service, and uniform school supplies are reported as business activities.

The government-wide financial statements begin on page 13.

Reporting the School District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure compliance with finance-related legal requirements. The School District uses many funds to account for 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 debt service fund.

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 year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and debt service funds which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

Lake Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements begin on page 16.

Proprietary Funds - The School District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses enterprise funds to account for its food service, uniform supplies, and adult and supplemental education programs.

The proprietary fund financial statements begin on page 21.

Fiduciary Funds - These 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 accounting for the fiduciary funds is much like that used of proprietary funds.

The fiduciary fund financial statements begin on page 24.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 27.

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Lake Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for fiscal years 2011 compared to 2010:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	Restated 2010	2011	Restated 2010	2011	Restated 2010
Assets						
Current and Other Assets	\$ 24,041,279	\$ 24,570,224	\$ 430,723	\$ 452,527	\$ 24,472,002	\$ 25,022,751
Capital Assets	34,545,045	34,663,500	116,973	128,850	34,662,018	34,792,350
Total Assets	58,586,324	59,233,724	547,696	581,377	59,134,020	59,815,101
Liabilities						
Current Liabilities	16,941,384	18,642,735	99,044	103,654	17,040,428	18,746,389
Long-Term Liabilities	24,803,520	25,940,185	9,893	9,688	24,813,413	25,949,873
Total Liabilities	41,744,904	44,582,920	108,937	113,342	41,853,841	44,696,262
Net Assets						
Invested in Capital Assets, Net of Related Debt	12,408,610	11,367,029	116,973	128,850	12,525,583	11,495,879
Restricted	2,336,616	1,569,017	0	0	2,336,616	1,569,017
Unrestricted	2,096,194	1,714,758	321,786	339,185	2,417,980	2,053,943
Total Net Assets	<u>\$ 16,841,420</u>	<u>\$ 14,650,804</u>	<u>\$ 438,759</u>	<u>\$ 468,035</u>	<u>\$ 17,280,179</u>	<u>\$ 15,118,839</u>

Total net assets increased by \$2.2 million with governmental activities comprising most of that amount. Assets in the governmental activities decreased \$.6 million due to a \$1.1 million decrease in cash and a \$.6 million increase in intergovernmental receivables. The timing of revenues to cover expenses contributed to the decrease in cash and the increase in grants receivable is the addition of the Education Jobs grant. Current liabilities decreased \$1.7 million over fiscal year 2010 mainly due to a decrease in deferred property tax revenue at year end. Long term liabilities decreased \$1.1 million through principal payments of debt and related charges.

Lake Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Table 2 shows the changes in net assets for fiscal year 2011 compared to 2010.

(Table 2)
Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total	
	2011	2010 *	2011	2010	2011	2010 *
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 792,357	\$ 732,772	\$ 863,863	\$ 943,875	\$ 1,656,220	\$ 1,676,647
Operating Grants	3,005,948	1,856,390	355,888	369,514	3,361,836	2,225,904
Capital Grants and Contributions	690,619	58,224	0	0	690,619	58,224
<i>General Revenue:</i>						
Property Taxes	15,771,037	14,295,468	0	0	15,771,037	14,295,468
Grants and Entitlements	16,921,423	17,364,279	0	0	16,921,423	17,364,279
Other Revenue	27,049	30,330	323	0	27,372	30,330
Total Revenues	37,208,433	34,337,463	1,220,074	1,313,389	38,428,507	35,650,852
Program Expenses						
Instruction	20,064,115	21,090,135	0	0	20,064,115	21,090,135
Support Services	12,311,600	11,619,587	0	0	12,311,600	11,619,587
Operation of Non-Instructional	468,966	455,381	0	0	468,966	455,381
Extracurricular Activities	965,417	997,916	0	0	965,417	997,916
Interest and Fiscal Charges	1,207,719	1,305,456	0	0	1,207,719	1,305,456
Enterprise Funds	0	0	1,249,350	1,299,451	1,249,350	1,299,451
Total Expenses	35,017,817	35,468,475	1,249,350	1,299,451	36,267,167	36,767,926
Increase (Decrease) in Net Assets	\$ 2,190,616	\$ (1,131,012)	\$ (29,276)	\$ 13,938	\$ 2,161,340	\$ (1,117,074)

*Excludes the activities of a portion of the special trust special revenue fund reclassified to private purpose trust with the implementation of GASB 54 (See Note 3). Amounts are insignificant and would not impact the analysis of the governmental funds.

Net assets in the governmental activities increased \$2.2 million from fiscal year 2010. Revenues increased \$2.9 million, primarily in grants and taxes. Operating grants increased \$1.1 million mainly from the multi-year Education Jobs and Race to the Top grants. Property tax revenues increased \$1.5 million over fiscal year 2010. This is attributable to the fluctuation in the taxes available as an advance at year end from the County from year to year. The \$.6 million increase in capital grants over fiscal year 2010 was a reimbursement from the YMCA for renovations the School District made to the facility. Program expenses decreased \$.5 million over fiscal year 2010 with no individually significant line item accounting for the change.

Net assets in the business-type activities decreased less than \$29,300 from fiscal year 2010.

Lake Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

(Table 3)
Governmental Activities

	2011		2010 *	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 20,064,115	\$ 17,488,488	\$ 21,090,135	\$ 19,743,157
Support Services:				
Pupil and Instructional Staff	2,797,190	2,635,240	2,609,223	2,455,403
Board of Education, Administration, Fiscal and Business	3,797,756	3,648,443	3,444,924	3,216,412
Operation and Maintenance of Plant	2,811,350	2,776,423	3,256,977	3,198,753
Pupil Transportation	2,731,056	2,645,874	2,145,337	2,071,207
Central	174,248	63,045	163,126	45,203
Operation of Non-Instructional	468,966	66,438	455,381	23,102
Extracurricular Activities	965,417	(2,777)	997,916	762,396
Interest and Fiscal Charges	1,207,719	1,207,719	1,305,456	1,305,456
Total Expenses	<u>\$ 35,017,817</u>	<u>\$ 30,528,893</u>	<u>\$ 35,468,475</u>	<u>\$ 32,821,089</u>

*Excludes the activities of a portion of the special trust special revenue fund reclassified to private purpose trust with the implementation of GASB 54 (See Note 3). Amounts are insignificant and would not impact the analysis of the governmental funds.

Instruction and Student Support Services comprise 65% of governmental program expenses. Interest and fiscal charges were approximately 3%. Interest expense was attributable to the outstanding general obligation bonds and costs related to the refunding. Pupil transportation and the operation and maintenance of facilities accounts for 16% of governmental program expenses.

In fiscal year 2011, the School District received grant money from the Education Jobs and Race to the Top programs of \$.8 million which helped offset instructional expenses and the YMCA reimbursement for renovations helped offset extracurricular expenses.

The dependence upon tax revenues, grants, and entitlements for governmental activities is apparent. The community, as a whole, is by far the primary support for Lake Local School District students.

Lake Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Business-Type Activities

Business-type activities include our adult and supplemental education programs, the food service operation and the sale of uniform school supplies. These programs had total revenues of \$1.2 million and expenses of \$1.2 million for fiscal year 2011.

Financial Analysis of the Government's Funds

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at year-end.

The School District's governmental funds (as presented on the balance sheet on page 16) reported a total fund balance of \$5.6 million, which is \$.6 million more than last year's balance of \$5.0 million. The most significant changes within the School District's major funds was reported in the general fund with an increase in fund balance of \$.5 million.

General Fund

The general fund is the main operating fund of the School District. At the end of 2011, the fund balance in the general fund was \$4.0 million, which is an increase of \$.5 million from fiscal year 2010. An increase in tax revenue available as an advance at year end primarily contributed to a \$1.2 million increase in revenues. Expenditures decreased \$.4 million from fiscal year 2010 with no individually significant line item accounting for the change.

Debt Service Fund

The debt service fund is the School District fund that accumulates tax revenues to pay general obligation bonds. At the end of fiscal year 2011, the fund balance in the debt service fund was \$1.3 million, which is an increase \$.1 million over fiscal year 2010. The tax revenue available for advance at year end accounts for most of this increase.

General Fund Budgeting Highlights

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

For the general fund, original budget basis revenue was \$49,000 more than final budget basis and actual revenue of \$28.5 million.

General fund original budget expenditures were \$30.3 million, \$.3 million over the \$30.0 million final budget and actual expenditures. No individually significant line item accounts for the difference.

Lake Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$33.9 million invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks. Table 4 shows fiscal year 2011 balances compared with 2010.

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

	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,993,257	\$ 2,993,257	\$ 0	\$ 0	\$ 2,993,257	\$ 2,993,257
Land Improvements	783,572	804,702	0	0	783,572	804,702
Buildings and Improvements	28,814,924	28,947,957	0	0	28,814,924	28,947,957
Furniture and Equipment	517,118	579,624	116,973	128,850	634,091	708,474
Vehicles	1,351,361	1,249,255	0	0	1,351,361	1,249,255
Textbooks	84,813	88,705	0	0	84,813	88,705
Totals	\$ 34,545,045	\$ 34,663,500	\$ 116,973	\$ 128,850	\$ 34,662,018	\$ 34,792,350

The School District changed the capital asset threshold to \$5,000, restating the ending balance for fiscal year 2010. This restatement decreased capital assets in the governmental and business-type activities by \$1.2 million and \$71,000, respectively. See Note 3 for the capital asset restatement.

The \$.1 million decrease in capital assets for fiscal year 2011 was attributable to depreciation exceeding acquisitions of equipment and vehicles. For additional information see Note 10.

Debt

At June 30, 2011, the School District had \$23.8 million in bonds outstanding with \$1.1 million due within one year. During fiscal year 2011, \$1.1 million of general obligation bonds were retired and \$.3 million of accretion was recorded. For additional information see Note 15. Table 5 summarizes bonds outstanding.

Lake Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Table 5
Outstanding Debt
and Related Charges, at June 30

	Governmental Activities	
	2011	2010
General Obligation Bonds:		
2000 Improvement 5.8%	\$ 0	\$ 840,000
2005 Refunding	19,405,000	19,625,000
2005 Capital Appreciation Bonds	954,950	954,950
2005 Capital Appreciation Bonds - Accretion	1,434,071	1,101,319
2005 Unamortized Bond Premium	1,988,839	2,103,520
	\$ 23,782,860	\$ 24,624,789

Current Issues

The Lake Local School District (the “School District”) continues to provide and be recognized for providing a quality education for our students in a closely monitored, cost controlled environment.

During school year 2010-11 the School District was designated as an Excellent School District based on its having met all 26 out of 26 possible State Indicators, its outstanding achievement of an overall Performance Index of 107.2 out of a possible 120.0, and its meeting the State’s requirement for both Adequate Yearly Progress (AYP) and Value Added Measures. In addition, the School District received special recognition in that Lake Elementary School was named as a 2011 National Blue Ribbon School by the U.S. Department of Education. Only 225 public and 49 private schools from across the nation received this recognition which is based upon high levels of achievement.

In April 2010, the School District negotiated a new three year certified contract with the Lake Local Education Association (LLEA) to be effective July 2010. This contract was a milestone for both the School District and the LLEA in that it was negotiated in very uncertain economic times and yet in a spirit of cooperation with the understanding that future funding for public education will be reduced due to the state’s budget shortfall for the new biennium beginning in July 2011. The contract contains a three year freeze on steps in addition to very modest negotiated increases totaling 0.5%, 1.0% and 1.0% respectively in each of the three years of the contract. In an effort to further control contractual salary and benefit expense, the School District and the LLEA also negotiated the purchase of a two-year State Teachers Retirement System (STRS) Early Retirement Incentive (ERI) for those employees taking an STRS retirement at the end of the 2009-10 or the 2010-11 school year. The deadline for applying was May 21, 2010. A total of eleven (11) employees exercised the ERI option at the end of the 2009-10 school year with an additional sixteen (16) exercising the option at the end of the 2010-11 school year.

Likewise, in April 2011, The School District negotiated a new three year classified contract with the Lake Local Education Association (LLEA) to be effective July 2011. The three-year contract includes negotiated increases totaling 0.5% and 1.0% with a step freeze in years one and two along with a “me too” clause covering year three to be consistent with the negotiated increase in a new certified contract for 2013-14. The contract also included a two-year School Employees Retirement System (SERS) Early Retirement Incentive

Lake Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

(ERI) for those employees taking an SERS retirement at the end of the 2010-11 or the 2011-12 school year. The deadline for applying was May 11, 2011. A total of two (2) employees exercised the ERI option at the end of the 2010-11 school year with an additional five (5) exercising the option at the end of the 2011-12 school year.

The School District, like most districts throughout the State, continues to rely heavily on local property taxes for the continued support of public education. During FY11, approximately 42.7% of the School District's total revenue was derived from local sources. Passage of the School District's 11.1 mill operating levy in February 2006 was designed to allow the School District to operate through FY10 and has provided numerous opportunities to expand upon the School District's Excellence. However, in light of the current economic circumstances and continued uncertainty relative to Foundation funding from the State, the School District is monitoring all funding scenarios and prudently providing the necessary resources to maintain our current level of excellence in both curricular and extra-curricular programs.

The School District partnered with the Ohio School Facilities Commission (OSFC) to place a Classroom Facilities Assistance Program (CFAP) Project on the May 3rd Primary Election Ballot. The combined issue, i.e., 1.8 mill bond issue along with a 0.5 mill permanent improvement levy, was a segmented OSFC project to provide for the construction of a new high school on the site of our present high school/middle school/community complex. The \$35.5 million dollar project would have been funded at 65% by the state with the remaining 35% funded by the local bond issue. The 0.5 mill permanent improvement levy would have provided approximately \$210,000 annually to be used for facility upkeep and repair, an expense presently borne by the School District's General Fund. Unfortunately, the issue was defeated by a vote of 2,485 (48.4%) in favor with 2,652 (51.6%) opposed.

Although certainly disappointed by the May result, it was the overwhelming consensus of both the Board of Education and the School District Administration that the plan as proposed in May was then, and still is, the best approach in meeting the School District's long term facility needs. As such, the issue was back on the November 8, 2011 General Election Ballot. The combined 1.8 mill bond issue and 0.5 mill permanent improvement levy was again defeated.

In summary, the School District has and must continue to implement systems for both budgetary and internal control purposes in order to efficiently allocate and deliver available financial resources. It provides a quality educational program with a limited availability of financial assistance. All of the School District's resources must, and will continue to be, focused on meeting the needs of our stakeholders in this competitive marketplace, which is not only local, but world-wide.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 any questions about this report or need additional financial information, contact Robert Moffat, Treasurer of Lake Local School District, 11936 King Church Avenue NW, Uniontown, OH 44685.

Lake Local School District
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 7,975,784	\$ 411,246	\$ 8,387,030
Receivables:			
Taxes	15,122,746	0	15,122,746
Accounts	5,527	2,620	8,147
Internal Balances	23,136	(23,136)	0
Intergovernmental	701,732	39,993	741,725
Deferred Charges - Issuance Costs	212,354	0	212,354
Nondepreciable Capital Assets	2,993,257	0	2,993,257
Depreciable Capital Assets (Net)	31,551,788	116,973	31,668,761
<i>Total Assets</i>	<u>58,586,324</u>	<u>547,696</u>	<u>59,134,020</u>
Liabilities			
Accounts Payable	197,678	3,885	201,563
Accrued Wages and Benefits	3,297,968	60,944	3,358,912
Intergovernmental Payable	886,107	34,215	920,322
Deferred Revenue	12,204,462	0	12,204,462
Accrued Interest Payable	79,467	0	79,467
Matured Compensated Absences	275,702	0	275,702
Long Term Liabilities:			
Due Within One Year	1,375,123	1,733	1,376,856
Due in More Than One Year	23,428,397	8,160	23,436,557
<i>Total Liabilities</i>	<u>41,744,904</u>	<u>108,937</u>	<u>41,853,841</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	12,408,610	116,973	12,525,583
Restricted for:			
Capital Projects	115,333	0	115,333
Debt Service	1,361,394	0	1,361,394
Other Purposes	859,889	0	859,889
Unrestricted	2,096,194	321,786	2,417,980
<i>Total Net Assets</i>	<u>\$ 16,841,420</u>	<u>\$ 438,759</u>	<u>\$ 17,280,179</u>

See accompanying notes to the basic financial statements.

Lake Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities				
Instruction:				
Regular	\$ 15,030,653	\$ 219,986	\$ 1,062,914	\$ 0
Special	3,302,599	0	1,257,227	0
Vocational	469,875	0	35,500	0
Student Intervention	204,750	0	0	0
Other	1,056,238	0	0	0
Support services:				
Pupils	1,025,087	19,553	59,783	0
Instructional Staff	1,772,103	0	82,614	0
Board of Education	27,212	0	0	0
Administration	3,033,550	0	8,825	0
Fiscal	660,601	140,488	0	0
Business	76,393	0	0	0
Operation and Maintenance of Plant	2,811,350	0	11,375	23,552
Pupil Transportation	2,731,056	0	85,182	0
Central	174,248	111,203	0	0
Operation of Non-Instructional Services	468,966	0	402,528	0
Extracurricular Activities	965,417	301,127	0	667,067
Interest and Fiscal Charges	1,207,719	0	0	0
<i>Total Governmental Activities</i>	<u>35,017,817</u>	<u>792,357</u>	<u>3,005,948</u>	<u>690,619</u>
Business-Type Activities				
Food Service	1,065,140	717,389	355,888	0
Uniform School Supplies	143,623	118,993	0	0
Supplemental Education	40,587	27,481	0	0
<i>Total Business-Type Activities</i>	<u>1,249,350</u>	<u>863,863</u>	<u>355,888</u>	<u>0</u>
Totals	<u>\$ 36,267,167</u>	<u>\$ 1,656,220</u>	<u>\$ 3,361,836</u>	<u>\$ 690,619</u>

General Revenues

Property Taxes Levied for:
General Purposes
Debt Service
Grants and Entitlements not Restricted
to Specific Programs
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year
(Restated, See Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (13,747,753)	\$ 0	\$ (13,747,753)
(2,045,372)	0	(2,045,372)
(434,375)	0	(434,375)
(204,750)	0	(204,750)
(1,056,238)	0	(1,056,238)
(945,751)	0	(945,751)
(1,689,489)	0	(1,689,489)
(27,212)	0	(27,212)
(3,024,725)	0	(3,024,725)
(520,113)	0	(520,113)
(76,393)	0	(76,393)
(2,776,423)	0	(2,776,423)
(2,645,874)	0	(2,645,874)
(63,045)	0	(63,045)
(66,438)	0	(66,438)
2,777	0	2,777
(1,207,719)	0	(1,207,719)
(30,528,893)	0	(30,528,893)
0	8,137	8,137
0	(24,630)	(24,630)
0	(13,106)	(13,106)
0	(29,599)	(29,599)
(30,528,893)	(29,599)	(30,558,492)
13,828,350	0	13,828,350
1,942,687	0	1,942,687
16,921,423	0	16,921,423
10,322	323	10,645
16,727	0	16,727
32,719,509	323	32,719,832
2,190,616	(29,276)	2,161,340
14,650,804	468,035	15,118,839
\$ 16,841,420	\$ 438,759	\$ 17,280,179

See accompanying notes to the basic financial statements.

Lake Local School District

Balance Sheet

Governmental Funds

June 30, 2011

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 6,267,370	\$ 1,002,100	\$ 610,416	\$ 7,879,886
Restricted Cash and Cash Equivalents	95,898	0	0	95,898
Receivables:				
Taxes	13,261,930	1,860,816	0	15,122,746
Accounts	2,117	0	3,410	5,527
Interfund	39,716	0	0	39,716
Intergovernmental	23,188	0	678,544	701,732
<i>Total Assets</i>	<u>\$ 19,690,219</u>	<u>\$ 2,862,916</u>	<u>\$ 1,292,370</u>	<u>\$ 23,845,505</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 135,865	\$ 0	\$ 61,813	\$ 197,678
Accrued Wages and Benefits	2,928,364	0	369,604	3,297,968
Interfund Payable	0	0	16,580	16,580
Intergovernmental Payable	864,999	0	21,108	886,107
Deferred Revenue	11,444,856	1,600,728	572,258	13,617,842
Matured Compensated Absences	275,702	0	0	275,702
<i>Total Liabilities</i>	15,649,786	1,600,728	1,041,363	18,291,877
Fund Balances				
Restricted	98,496	1,262,188	323,262	1,683,946
Assigned	409,036	0	0	409,036
Unassigned	3,532,901	0	(72,255)	3,460,646
<i>Total Fund Balances</i>	4,040,433	1,262,188	251,007	5,553,628
<i>Total Liabilities and Fund Balances</i>	<u>\$ 19,690,219</u>	<u>\$ 2,862,916</u>	<u>\$ 1,292,370</u>	<u>\$ 23,845,505</u>

See accompanying notes to the basic financial statements.

Lake Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2011*

Total Governmental Fund Balances		\$ 5,553,628
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		34,545,045
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants and Excess Costs	\$ 572,258	
Delinquent Property Taxes	<u>841,122</u>	1,413,380
Bond issuance costs reported as an expenditure in the funds are allocated as an expense over the life of the debt on an accrual basis.		212,354
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.		
General Obligation Bonds	(19,405,000)	
Capital Appreciation Bonds	(954,950)	
Accretion on Capital Appreciation Bonds	(1,434,071)	
Bond Premium	(1,988,839)	
Compensated Absences	(1,020,660)	
Accrued Interest	<u>(79,467)</u>	<u>(24,882,987)</u>
 Net Assets of Governmental Activities		 <u><u>\$ 16,841,420</u></u>

See accompanying notes to the basic financial statements.

Lake Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 13,751,630	\$ 1,936,560	\$ 0	\$ 15,688,190
Intergovernmental	15,770,377	271,152	3,376,900	19,418,429
Investment Income	10,322	0	492	10,814
Tuition and Fees	209,580	0	42,868	252,448
Extracurricular Activities	156,373	0	243,051	399,424
Rentals	140,488	0	0	140,488
Gifts and Donations	0	0	665,653	665,653
Miscellaneous	16,727	0	11,347	28,074
<i>Total Revenues</i>	30,055,497	2,207,712	4,340,311	36,603,520
Expenditures:				
Current:				
Instruction:				
Regular	13,924,417	0	627,108	14,551,525
Special	2,180,920	0	1,127,114	3,308,034
Vocational	442,676	0	32,279	474,955
Student Intervention	196,728	0	0	196,728
Other	1,043,516	0	24,539	1,068,055
Support Services:				
Pupils	974,289	0	49,178	1,023,467
Instructional Staff	1,588,086	0	183,593	1,771,679
Board of Education	27,212	0	0	27,212
Administration	2,131,351	0	900,313	3,031,664
Fiscal	628,587	28,395	0	656,982
Business	76,531	0	0	76,531
Operation and Maintenance of Plant	3,082,911	0	26,592	3,109,503
Pupil Transportation	2,143,176	0	82,775	2,225,951
Central	157,439	0	16,070	173,509
Operation of Non-Instructional Services	42,851	0	422,350	465,201
Extracurricular Activities	649,224	0	262,397	911,621
Capital outlay	250,123	0	660,239	910,362
Debt Service:				
Principal Retirement	0	1,060,000	0	1,060,000
Interest and Fiscal Charges	0	979,284	0	979,284
<i>Total Expenditures</i>	29,540,037	2,067,679	4,414,547	36,022,263
<i>Excess of Revenues Over (Under) Expenditures</i>	515,460	140,033	(74,236)	581,257
Other Financing Sources (Uses):				
Proceeds From Sales of Capital Assets	21,350	0	0	21,350
<i>Total Financing Sources and (Uses)</i>	21,350	0	0	21,350
<i>Net Change in Fund Balance</i>	536,810	140,033	(74,236)	602,607
<i>Fund Balance (Deficit) at Beginning of Year</i> <i>(Restated, See Note 3)</i>	3,503,623	1,122,155	325,243	4,951,021
<i>Fund Balance (Deficit) at End of Year</i>	\$ 4,040,433	\$ 1,262,188	\$ 251,007	\$ 5,553,628

See accompanying notes to the basic financial statements.

Lake Local School District
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$	602,607
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 1,139,057	
Current Year Depreciation	<u>(1,231,536)</u>	(92,479)
Net effect of transactions involving disposal of capital assets are not reflected in the funds.		(25,976)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants and Excess Costs	497,321	
Delinquent Property Taxes	<u>82,842</u>	580,163
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond Principal		1,060,000
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.		
		4,281
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
(Increase) Decrease in Compensated Absences	294,736	
Bond Premium Amortization	114,681	
Bond Accretion	(332,752)	
Amortization of Issuance Costs	<u>(14,645)</u>	<u>62,020</u>
Change in Net Assets of Governmental Activities	\$	<u><u>2,190,616</u></u>

See accompanying notes to the basic financial statements.

Lake Local School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 12,458,539	\$ 12,379,236	\$ 12,379,236	\$ 0
Intergovernmental	15,809,791	15,764,800	15,764,800	0
Investment Income	14,000	10,322	10,322	0
Tuition and Fees	176,500	211,500	211,500	0
Rentals	144,250	138,371	138,371	0
Miscellaneous	18,000	16,727	16,727	0
<i>Total Revenues</i>	<u>28,621,080</u>	<u>28,520,956</u>	<u>28,520,956</u>	<u>0</u>
Expenditures:				
Current:				
Instruction	18,841,382	17,982,934	17,982,934	0
Support Services:				
Pupils	907,350	948,154	948,154	0
Instructional Staff	1,566,158	1,590,043	1,590,043	0
Board of Education	30,995	27,219	27,219	0
Administration	1,841,450	2,314,738	2,314,738	0
Fiscal	572,209	636,885	636,885	0
Business	77,306	76,735	76,735	0
Operation and Maintenance of Plant	3,399,029	3,190,624	3,190,624	0
Pupil Transportation	2,204,098	2,226,915	2,226,915	0
Central	51,517	71,056	71,056	0
Operation of Non-Instructional Services	40,035	41,724	41,724	0
Extracurricular Activities	668,444	646,288	646,288	0
Capital Outlay	131,641	266,014	266,014	0
<i>Total Expenditures</i>	<u>30,331,614</u>	<u>30,019,329</u>	<u>30,019,329</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(1,710,534)	(1,498,373)	(1,498,373)	0
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	0	21,350	21,350	0
Advances In	0	29,564	29,564	0
Advances Out	0	(40,249)	(40,249)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>10,665</u>	<u>10,665</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,710,534)	(1,487,708)	(1,487,708)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	6,604,200	6,604,200	6,604,200	0
Prior Year Encumbrances Appropriated	702,413	702,413	702,413	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 5,596,079</u>	<u>\$ 5,818,905</u>	<u>\$ 5,818,905</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements.

Lake Local School District
Statement of Fund Net Assets
Proprietary Funds
June 30, 2011

	NonMajor Enterprise Funds
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 411,246
Accounts Receivable	2,620
Intergovernmental Receivable	39,993
<i>Total Current Assets</i>	453,859
Non Current Assets:	
Depreciable Capital Assets (Net)	116,973
<i>Total Assets</i>	570,832
Liabilities	
Current Liabilities:	
Accounts Payable	3,885
Accrued Wages and Benefits	60,944
Compensated Absences Payable	1,733
Interfund Payable	23,136
Intergovernmental Payable	34,215
<i>Total Current Liabilities</i>	123,913
Long Term Liabilities:	
Compensated Absences	8,160
<i>Total Liabilities</i>	132,073
Net Assets	
Invested in Capital Assets	116,973
Unrestricted	321,786
<i>Total Net Assets</i>	\$ 438,759

See accompanying notes to the basic financial statements.

Lake Local School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	NonMajor Enterprise Funds
Operating Revenues:	
Tuition	\$ 27,481
Sales	836,382
	863,863
<i>Total Operating Revenues</i>	<i>863,863</i>
Operating Expenses:	
Salaries	421,166
Fringe Benefits	113,661
Purchased Services	43,946
Materials and Supplies	658,588
Depreciation	11,877
Other	112
	1,249,350
<i>Total Operating Expenses</i>	<i>1,249,350</i>
Operating Income (Loss)	(385,487)
Non-Operating Revenues (Expenses):	
Federal Donated Commodities	56,000
Grants	299,888
Interest	323
	356,211
<i>Total Non-Operating Revenues (Expenses)</i>	<i>356,211</i>
<i>Change in Net Assets</i>	<i>(29,276)</i>
<i>Net Assets (Deficit) Beginning of Year, (Restated See Note 3)</i>	<i>468,035</i>
<i>Net Assets (Deficit) End of Year</i>	<i>\$ 438,759</i>

See accompanying notes to the basic financial statements.

Lake Local School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	NonMajor Enterprise Funds
Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 879,848
Cash Paid for Goods and Services	(642,144)
Cash Paid to Employees	(530,619)
	(292,915)
<i>Net Cash Provided By (Used For) Operating Activities</i>	
Cash Flows From Non-Capital Financing Activities:	
Advances to Other Funds	(6,706)
Advances from Other Funds	23,136
Grants Received	299,888
	316,318
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	
Cash Flows From Investing Activities:	
Interest on Investments	323
	323
<i>Net Cash Provided By (Used For) Investing Activities</i>	
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	
	23,726
<i>Cash and Cash Equivalents at Beginning of Year</i>	
	387,520
<i>Cash and Cash Equivalents at End of Year</i>	
	\$ 411,246
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:	
Operating Income (Loss)	\$ (385,487)
Adjustments:	
Depreciation	11,877
Federal Donated Commodities	56,000
(Increase) Decrease Assets	
Accounts Receivable	9,415
Intergovernmental Receivable	6,570
Inventory	13,115
Increase (Decrease) in Liabilities	
Accounts Payable	(2,633)
Accrued Wages and Benefits	4,003
Compensated Absences Payable	205
Intergovernmental Payable	(5,980)
	92,572
<i>Total Adjustments</i>	
<i>Net Cash Provided By (Used For) Operating Activities</i>	
	\$ (292,915)

Noncash items:

The Food Service Fund received \$56,000 in Federally Donated Commodities.

See accompanying notes to the basic financial statements.

Lake Local School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 453	\$ 142,498
Liabilities		
Undistributed Monies	\$ 0	\$ 2,041
Due to Students	0	140,457
<i>Total Liabilities</i>	0	\$ 142,498
Net Assets		
Held in Trust for Scholarships	453	
<i>Total Net Assets</i>	\$ 453	

See accompanying notes to the basic financial statements.

Lake Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust
	Scholarship
Additions	
Interest	\$ 0
Deductions	0
<i>Change in Net Assets</i>	0
<i>Net Assets Beginning of Year (Restated, See Note 3)</i>	453
<i>Net Assets End of Year</i>	\$ 453

See accompanying notes to the basic financial statements.

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Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 1 - Description of the School District

The Lake Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies. The Board of Education controls the School District's five school buildings, community complex, athletic complex, transportation/maintenance facility, and administrative office staffed by 261 certified employees and 161 non-certified employees who provide services to 3,627 students and other community members.

Reporting Entity

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

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

The School District participates in a jointly governed organization and two public entity risk pools. These organizations include the Stark/Portage Area Computer Consortium (SPARCC), the Stark County Schools Council of Government and the Stark County Schools Council of Governments Health Benefit Plan. These organizations are presented in Notes 11 and 17 to the basic financial statements.

The following activity is not part of the reporting entity and is excluded from the accompanying financial statements:

Non-Public School Within the School District's boundaries, Lake Center Christian School is operated by a religious organization. Current state legislation provides funding to this school. The monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District. The accounting of these state monies is reflected as part of the School District's special revenue funds.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District applies generally accepted accounting principles that were issued prior to November 30, 1989 by the Financial Accounting Standards Board ("FASB") to its governmental and business-type activities and proprietary funds provided they do not conflict with or contradict GASB pronouncements. The School District has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification.

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

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 statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

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

B. Fund Accounting

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

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

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

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Debt Service Fund The debt service fund is used to account for the accumulation of property tax revenues for, and the payment of, principal and interest obligations relative to the School District's general obligation bonds.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The following is the School District's proprietary fund type:

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District reports enterprise operations for food service, uniform school supplies and adult and supplemental education programs.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds are private purpose trust and agency funds. The School District's agency fund accounts for student activities and the private purpose trusts disburse scholarships to students.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District excluding fiduciary funds are included on the statement of net assets.

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities.

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as “federal donated commodities revenue”.

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

Lake Local School District
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For the Fiscal Year Ended June 30, 2011

E. Cash and Cash Equivalents

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

During fiscal year 2011, investments were limited to STAROhio (the State Treasurer's Investment Pool).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011. Certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$10,322, which includes \$1,933 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

F. Inventory

On government-wide financial statements, inventories of business-type activities are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

G. Restricted Assets

Assets are reported as restricted 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. Restricted assets in the General Fund include amounts set aside as a restriction for budget stabilization, which is now optional as determined by the School District. See Note 19 for additional information regarding set asides.

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land	N/A	N/A
Land Improvements	40 Years	N/A
Buildings and Improvements	10 - 40 Years	N/A
Furniture and Equipment	5 - 20 Years	5 - 20 Years
Vehicles	10 Years	N/A
Textbooks	5 Years	N/A

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

J. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future.

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account “matured compensated absences” payable in the fund from which the employees who have accumulated unpaid leave is paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

L. Deferred Charges and Bond Premiums

In governmental fund types, bond premiums and issuance costs are recognized in the current period. On the statement of net assets, bond premiums and issuance costs are deferred and amortized over the term of the bonds. Bond premiums are amortized using the bonds outstanding method and issuance costs are amortized using the straight-line method, which is not significantly different than the bonds outstanding method, or the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes are primarily for instruction of students.

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

N. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Lake Local School District
Notes to the Basic Financial Statements
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Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. Through the School District’s purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition for supplemental education, sales for food service including vending and catering, and uniform school supplies. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

Lake Local School District
Notes to the Basic Financial Statements
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P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during the current fiscal year.

Q. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. 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 and after nonoperating revenues/expenses in proprietary funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

S. Estimates

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

T. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. Throughout the fiscal year, the primary level of budgetary control was at the function level within the General Fund. For all other funds, the legal level of control was at the fund level.

On October 25, 2005, the Stark County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. The Budget Commission now requires an alternate tax budget be submitted by January 20 which no longer requires specific Board approval.

Lake Local School District
Notes to the Basic Financial Statements
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The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2011.

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

U. Change in Accounting Principles

For the year ended June 30, 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*” and GASB Statement No. 59, “*Financial Instruments Omnibus*.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the School District.

Note 3 – Restatement of Fund Balance/Net Assets

On July 1, 2010, the School District implemented Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”. As a result, the Public School Support Fund, previously reported as a Special Revenue Fund, was reclassified to the General Fund for GAAP reporting purposes. In addition several special cost centers from the Special Trust Fund, previously recorded as a Special Revenue Fund, were reclassified to General Fund and others were reclassified to Private Purpose Trust Funds. The following is the effect of those changes in fund balances:

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance June 30, 2010	\$ 3,379,458	\$ 1,122,155	\$ 449,861	\$ 4,951,474
Fund Reclassification	<u>124,165</u>	<u>0</u>	<u>(124,618)</u>	<u>(453)</u>
Restated Fund Balance July 1, 2010	<u>\$ 3,503,623</u>	<u>\$ 1,122,155</u>	<u>\$ 325,243</u>	<u>\$ 4,951,021</u>

Lake Local School District
Notes to the Basic Financial Statements
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The School District changed the capital asset threshold from one thousand to five thousand dollars resulting in a decrease in net assets. The changes in net assets are summarized below:

	Governmental Activities	Business-Type Activities/ Enterprise Funds	Private Purpose Trust Fund
Net Assets at June 30, 2010	\$ 15,831,768	\$ 538,908	\$ 0
Fund Reclassification	(453)	0	453
Decrease in Capital Assets	(1,180,511)	(70,873)	0
Restated Net Assets at July 1, 2010	\$ 14,650,804	\$ 468,035	\$ 453

Note 4 - Fund Deficits

Fund balances at June 30, 2011 included the following individual fund deficits:

	Deficit Fund Balance
Nonmajor Funds:	
Miscellaneous State Grants Fund	\$ 1,109
Fiscal Stabilization Fund	46,973
Title III Fund	2,185
Title I Fund	12,225
Title II-A Fund	9,763

The deficits in these nonmajor funds are the result of adjustments for accrued liabilities and the timing of receipts. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

Note 5 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Lake Local School District
Notes to the Basic Financial Statements
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	General	Debt Service	Other Governmental Funds	Total
Restricted for:				
Debt Service	\$ 0	\$ 1,262,188	\$ 0	\$ 1,262,188
Capital Outlay	0	0	115,333	115,333
Extracurricular	0	0	147,921	147,921
Non-Public School	0	0	40,490	40,490
Special Education	0	0	2,309	2,309
Targeted Academic Assistance	0	0	577	577
BWC	95,898	0	0	95,898
Other Purposes	2,598	0	16,632	19,230
Total Restricted	98,496	1,262,188	323,262	1,683,946
Assigned for:				
Encumbrances	295,830	0	0	295,830
Public School Support	111,574	0	0	111,574
Other Purposes	1,632	0	0	1,632
Total Assigned	409,036	0	0	409,036
Unassigned	3,532,901	0	(72,255)	3,460,646
Total Fund Balance (Deficit)	\$ 4,040,433	\$ 1,262,188	\$ 251,007	\$ 5,553,628

Note 6 - Budgetary Basis of Accounting

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

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

Lake Local School District
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5. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the General Fund.

Net Change in Fund Balance

	General
GAAP Basis	\$ 536,810
Net Adjustment for Revenue Accruals	(1,378,168)
Advances In	29,564
Net Adjustment for Expenditure Accruals	(219,470)
Advances Out	(40,249)
Funds Budgeted Elsewhere **	4,326
Adjustment for Encumbrances	(420,521)
Budget Basis	\$ (1,487,708)

** As part of Governmental Accounting Standards Board No. 54, *“Fund Balance Reporting and Governmental Fund Type Definitions”*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes certain special cost centers in the special trust fund and the public school support fund.

Note 7 - 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.

Protection of the 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.

Lake Local School District
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Interim monies to 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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
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.

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.

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Lake Local School District
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Custodial credit risk for an investment is the risk that in the event of 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. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Cash on Hand: At year end, the School District had \$1,000 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.

Deposits: The carrying value of the School District's deposits totaled \$217,715 and the bank balances of the deposits totaled \$227,707. All of the bank balance was covered by depository insurance.

Investments: Investments are reported at fair value. As of June 30, 2011, the School District had the following investment:

	Fair Value	Investment Maturities (in months) 0 - 6
STAROhio	\$ 8,311,266	\$ 8,311,266

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Unless matched to a specific obligation or debt of the School District, the School District will not directly invest in securities maturing more than three years from the date of settlement if such securities bear interest at a fixed rate, and it will not directly invest in such securities maturing more than two years from the date of settlement if they bear interest at a variable rate.

Credit Risk: The School District's investment at June 30, 2011 in STAROhio was rated AAAM by Standard & Poor's.

Concentration of Credit Risk: The School District diversifies its investments by security, type, and institution. With the exception of direct obligations of the U.S. Treasury and STAROhio, no more than 25% of the School District's total investment portfolio will be invested in a single security type or with a single financial institution. The School District's only investment at June 30, 2011 was in STAROhio.

Note 8 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax 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 and public utility property located in the School District. Property tax revenue received during calendar 2011 for real and public utility property taxes represents collections of calendar 2010 taxes.

2011 real property taxes are levied after April 1, 2011, on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after April 1, 2010 and are collected in 2011 with real property taxes.

Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 30. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 First		2011 Second	
	Half Collections		Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$411,975,570	98.77%	\$410,644,720	98.81%
Public Utility Personal	4,770,930	1.14%	4,938,070	1.19%
Tangible Personal Property	<u>383,744</u>	<u>0.09%</u>	<u>0</u>	<u>0.00%</u>
Total	<u><u>\$417,130,244</u></u>	<u><u>100.00%</u></u>	<u><u>\$415,582,790</u></u>	<u><u>100.00%</u></u>
 Tax rate per \$1,000 of assessed valuation	 \$70.50		 \$70.50	

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

The School District receives property taxes from Stark and Portage Counties. The County Auditors periodically advance to the School District their portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The late settlement and the amount available as an advance at June 30 are recognized as revenue.

The amount available as an advance at June 30, 2011, was \$2,077,162 and is recognized as revenue. \$1,817,074 was available to the general fund and \$260,088 was available to the debt service fund.

Note 9 - Receivables

Receivables at June 30, 2011, consisted of taxes, accounts (student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. The intergovernmental receivables consist of \$5,577 of state aid in general fund, \$678,377 of operating grants in various special revenue funds and \$38,736 in the food service fund and a refund receivable from SERS in the amount of \$17,611 in general fund, \$167 in various special revenue funds and \$1,257 in the food service fund.

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Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Restated Balance 6/30/2010	Additions	Reductions	Balance 6/30/11
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 2,993,257	\$ 0	\$ 0	\$ 2,993,257
 <i>Capital Assets, being depreciated:</i>				
Land Improvements	845,201	0	0	845,201
Buildings and Improvements	38,795,032	770,518	0	39,565,550
Furniture and Equipment	1,479,779	36,538	(64,719)	1,451,598
Vehicles	2,851,366	332,001	(217,772)	2,965,595
Textbooks	770,278	0	0	770,278
Total Capital Assets, being depreciated	44,741,656	1,139,057	(282,491)	45,598,222
 Less Accumulated Depreciation:				
Land Improvements	(40,499)	(21,130)	0	(61,629)
Buildings and Improvements	(9,847,075)	(903,551)	0	(10,750,626)
Furniture and Equipment	(900,155)	(73,068)	38,743	(934,480)
Vehicles	(1,602,111)	(229,895)	217,772	(1,614,234)
Textbooks	(681,573)	(3,892)	0	(685,465)
Total Accumulated Depreciation	(13,071,413)	(1,231,536)	256,515	(14,046,434)
Total Capital Assets being depreciated, net	31,670,243	(92,479)	(25,976)	31,551,788
Governmental Activities Capital Assets, Net	\$ 34,663,500	\$ (92,479)	\$ (25,976)	\$ 34,545,045
 Business-Type Activities				
<i>Capital Assets being depreciated</i>				
Furniture and Equipment	\$ 205,139	\$ 0	\$ 0	\$ 205,139
Less Accumulated Depreciation	(76,289)	(11,877)	0	(88,166)
Business-Type Activities Capital Assets, Net	\$ 128,850	\$ (11,877)	\$ 0	\$ 116,973

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Depreciation expense was charged to governmental and business-type functions as follows:

<i>Governmental Activities:</i>	
Instruction:	
Regular	\$ 808,465
Special	1,331
Support Services:	
Pupil	4,368
Instructional Staff	3,892
Fiscal	1,061
Operation and Maintenance of Plant	24,703
Pupil Transportation	216,792
Central	739
Operation of Non-Instructional Services	3,344
Extracurricular Activities	166,841
	166,841
Total Governmental Activities	\$ 1,231,536
 <i>Business-Type Activities:</i>	
Food Service	\$ 11,877

Note 11 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2011, the School District contracted with the following insurance companies:

Company	Type of Coverage	Coverage Amount
Indiana Insurance	Property Coverage	
	Blanket Building and Contents	\$ 104,138,146
	Inland Marine	Based on items listed
	Automobile Liability	1,000,000
	General Liability	
	Each occurrence	1,000,000
	Aggregate	2,000,000
	Umbrella	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

B. Workers' Compensation

The School District participates in the Stark County Schools Council of Government (COG) to obtain workers' compensation coverage. This program is administered by CompManagement, Inc. The experience of each of the participating school districts is calculated as one experience rate and applied to all participants in the program.

Each participant pays its workers' compensation premium to the State based on the rate for the Group Rating Pool (GRP) rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Health Insurance

The School District is a member of the Stark County Schools Council of Governments Health Benefit Plan (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The School District accounts for the premiums paid as expenditures in the general or applicable fund.

Note 12 - Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 335 days. Upon retirement, employees receive payment for one-fourth of the total accumulated sick leave, up to a maximum accumulation of 55 days for those employees with ten or more years of service, and 70 days for those employees with twenty or more years of service to the Board of Education. Additionally, at retirement, \$10 is paid for each day of sick leave accumulated above 200 days, up to the maximum allowed.

School District employees are eligible to receive a retirement incentive based on first time eligibility to retire under current STRS or SERS guidelines. Certified employees retiring under STRS will receive a one-time bonus in the amount of \$20,000; classified employees retiring under SERS will receive a one-time bonus in the amount of \$5,000. Eligibility for the retirement incentive is based upon the submission of an irrevocable notice of intent to retire no later than April 1st prior to retirement with payment of the bonus in the January following retirement.

The School District has also initiated the purchase of two years of credit under an STRS Early Retirement Incentive Program for those certified employees indicating a desire to retire as of the end of either the 2009-

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

2010 or the 2010-2011 school year. This plan allows for the employer purchase of two (2) years of STRS non-credited service with payment for such being made directly to STRS. The employer cost of such benefit is based upon individual employee age and current years of service credit. Payment to STRS is based upon a timeline mutually acceptable to both the District and the Lake Local Education Association.

Retiring certified employees have the option of selecting either the retirement incentive or the STRS early retirement incentive.

Note 13 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 10% 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% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011 11.81% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2010 the amount was 12.78% and for fiscal year 2009 the amount was 9.09%. The contributions to SERS for pension obligations for the fiscal years ended June 30, 2011, 2010, and 2009 were \$555,694, \$696,408 and \$395,384, respectively; 49% has been contributed for fiscal year 2011 and 100% for the fiscal years 2010 and 2009. \$335,652 represents the unpaid contribution for fiscal year 2011, and is recorded as a liability.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5% of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2011, plan members were required to contribute 10% of their annual covered salaries. The District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2011, 2010, and 2009 were \$1,938,829, \$2,026,985 and \$1,863,847, respectively. Contributions to the DC and Combined Plans for fiscal year 2011 were \$40,414 made by the School District and \$56,385 made by the plan members. 84% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009. \$349,584 represents the unpaid contribution for fiscal year 2011, and is recorded as a liability.

C. Social Security System

Members of the Board of Education have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011, one member of the Board of Education has elected Social Security. The Board's liability is 6.2% of wages paid.

Note 14 - Postemployment Benefits

A. School Employees Retirement System

The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by SERS for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan included 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 SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43%, at June 30, 2010 the allocation was .46% and at June 30, 2009, the allocation was

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

4.16%. The District's contributions for the years ended June 30, 2011, 2010 and 2009 were \$67,286, \$25,066 and \$180,946, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. For the School District during fiscal year 2011 this amounted to \$63,185.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76% and for fiscal years 2010 and 2009 the required allocation was .76% and .75%, respectively. The School District contributions for the fiscal years 2011, 2010 and 2009 were \$35,760 \$41,414 and \$32,622, respectively.

B. State Teachers Retirement System

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

Ohio law authorized 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 portion of the health care cost in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to Health Care Stabilization Fund for the years ended June 30, 2011, 2010 and 2009. The School District's contributions for health care for fiscal years ended June 30, 2011, 2010 and 2009 were \$151,920, \$152,051 and \$143,373, respectively.

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Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 15 - Long - Term Obligations

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 6/30/2010	Additions	Reductions	Outstanding 6/30/2011	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
2000 Improvement 5.80%	\$ 840,000	\$ 0	\$ 840,000	\$ 0	\$ 0
2005 Refunding of Bonds					
Serial Bonds \$21,000,000					
at 3.00% - 5.00%	19,625,000	0	220,000	19,405,000	1,110,000
Capital Appreciation Bonds					
at 4.17% - 4.45%	954,950	0	0	954,950	0
Accretion of Interest	1,101,319	332,752	0	1,434,071	0
Unamortized Bond Premium	2,103,520	0	114,681	1,988,839	0
Total General Obligation Bonds	24,624,789	332,752	1,174,681	23,782,860	1,110,000
Compensated Absences	1,315,396	119,107	413,843	1,020,660	265,123
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 25,940,185</u>	<u>\$ 451,859</u>	<u>\$ 1,588,524</u>	<u>\$ 24,803,520</u>	<u>\$ 1,375,123</u>
Business-Type Activities					
Compensated Absences	<u>\$ 9,688</u>	<u>\$ 7,771</u>	<u>\$ 7,566</u>	<u>\$ 9,893</u>	<u>\$ 1,733</u>

2000 Improvement Bonds

In 2000, the School District issued \$26,389,945 in general obligation bonds for renovation, construction, and equipping school facilities and real estate for school purposes. The callable bonds were refunded in 2005 and the remaining bonds matured in December 2010.

2005 School Improvement Refunding Bonds

On April 20, 2005, the School District issued \$21,955,000 in general obligation bonds. The proceeds of the bonds were used to partially refund \$21,955,000 of the School District's outstanding Capital Improvement Bond Series 2000. The bonds were issued for a 20 year period with final maturity at December 1, 2026. At the date of the refunding, \$23,914,677 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds.

These refunding bonds were issued with a premium of \$2,267,276, which was reported as an increase to bonds payable. The amounts are being amortized to interest expenses over the life of the bonds using the bonds outstanding method. Amortization of \$114,681 was recorded for June 30, 2011. The issuance costs were reported as an expenditure. These costs will be deferred and amortized over the life of the bonds within the government-wide financial statements. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$1,489,124. The issuance resulted in an economic gain of \$991,927.

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

The bond issue consists of serial and capital appreciation bonds. These bonds are not subject to early redemption.

The capital appreciation bonds mature December 1, 2012, 2013 and 2014. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$3,450,000. For fiscal year 2011, \$332,752 was accreted for a liability of \$2,389,021.

General obligation bonds will be paid from the Debt Service Fund. Compensated absences will be paid from the General fund and the Food Service Enterprise Fund.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2012	\$ 1,110,000	\$ 934,175	\$ 0	\$ 0	\$ 1,110,000	\$ 934,175
2013	0	914,750	367,069	782,931	367,069	1,697,681
2014	0	914,750	315,940	834,060	315,940	1,748,810
2015	0	914,750	271,941	878,059	271,941	1,792,809
2016	1,145,000	886,125	0	0	1,145,000	886,125
2017 - 2021	6,675,000	3,485,125	0	0	6,675,000	3,485,125
2022 - 2026	8,510,000	1,547,375	0	0	8,510,000	1,547,375
2027	1,965,000	98,250	0	0	1,965,000	98,250
Total	\$ 19,405,000	\$ 9,695,300	\$ 954,950	\$ 2,495,050	\$ 20,359,950	\$ 12,190,350

Note 16 - Interfund Balances

Interfund receivables/payables at June 30, 2011 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 39,716	\$ 0
Nonmajor Governmental Funds	0	16,580
Nonmajor Enterprise Funds	0	23,136
	\$ 39,716	\$ 39,716

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2011, all interfund payables outstanding are anticipated to be repaid in fiscal year 2012.

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 17- Jointly Governed Organizations

The Stark/Portage Area Computer Consortium (SPARCC) is a jointly governed organization comprised of 31 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports SPARCC based upon a per pupil charge dependent upon the software package utilized. The SPARCC assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. SPARCC is governed by a board of directors chosen from the general membership of the SPARCC assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Stark County Education Services Center, which serves as fiscal agent, located at 2100 38th Street, NW, Canton, Ohio 44709. The School District paid \$23,636 to SPARCC for basic services in fiscal year 2011.

Note 18 - Contingencies

The School District received financial assistance from federal and state 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

Note 19 - Set-Asides

Substitute House Bill 412, as amended, required the School District to “set aside” certain percentages of defined revenues for (1) textbook and instructional materials purchases, and (2) capital and maintenance expenditures. As of April 10, 2001, any money on hand in a School District’s budget reserve set-aside account may at the discretion of the Board be returned to the School District’s general fund or may be left in the account and used by the Board to offset any budget deficit the School District may experience in future years. The amendment places special conditions on any refunds or rebates from the Bureau of Workers’ Compensation (BWC). These monies are to be used to offset a budget deficit; for school facility construction; renovation or repair; textbooks or instructional materials; for the purchase of school buses; or for teachers’ professional development. It also required five year budget projections, amended the fiscal watch and fiscal emergency statutes, created a school district solvency fund, and amended “spending reserve” provisions. During the fiscal year June 30, 2011, the reserve activity (cash basis) was as follows:

Lake Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

	BWC Reserve	Capital Improvement Reserve	Textbook Instructional Materials Reserve
Set Aside Restricted Balance June 30, 2010	\$ 95,898	\$ 0	\$ 0
Current Year Set-Aside Requirement	0	560,830	560,830
Current Year Qualifying Expenditures	0	(1,181,093)	(668,586)
Excess Qualified Expenditures from Prior Years	0	0	(2,276,314)
Total	<u>\$ 95,898</u>	<u>\$ (620,263)</u>	<u>\$ (2,384,070)</u>
Balance Carried Forward to Fiscal Year 2012	<u>\$ 95,898</u>	<u>\$ 0</u>	<u>\$ 0</u>
Set Aside Balance June 30, 2011	<u>\$ 95,898</u>	<u>\$ 0</u>	<u>\$ 0</u>

The School District had qualifying disbursements during the year that reduced the textbook reserve set-asides below zero. Effective July 1, 2011, textbook set-aside laws have been repealed. For the capital improvement reserve, qualifying expenditures exceeding the set aside requirement may not be carried forward to the next fiscal year.

Monies representing BWC refunds that were received prior to April 20, 2001, have been shown as a restricted cash/restricted fund balance in the general fund. The non-BWC portion of the budget stabilization has been returned to the general fund.

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LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	N/A	10.555		\$ 73,037		\$ 73,037
Cash Assistance:						
National School Lunch Program	2011	10.555	\$ 300,114		\$ 300,114	
Total U.S. Department of Agriculture			300,114	73,037	300,114	73,037
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Title I, Part A Cluster:						
Title I, Grants to Local Educational Agencies	2010	84.010	39,131		39,190	
	2011		160,087		160,275	
ARRA - Title I, Grants to Local Educational Agencies	2010	84.389	12,290		11,896	
	2011		74,631		72,427	
Total Title I, Part A Cluster			286,139		283,788	
Special Education Cluster:						
Special Education-Grants to States	2010	84.027			9,225	
	2011		697,398		682,315	
ARRA - Special Education-Grants to States	2010	84.391	65,114		74,919	
	2011		344,235		331,923	
Total Special Education Cluster			1,106,747		1,098,382	
Safe and Drug-Free Schools and Communities-State Grants	2010	84.186	919		805	
Education Technology State Grants	2011	84.318	93			
English Language Acquisition Grants	2010	84.365	6,687		6,170	
	2011		7,714		7,973	
Total English Language Acquisition Grants			14,401		14,143	
Improving Teacher Quality State Grants	2010	84.367	13,555		11,392	
	2011		82,701		78,139	
Total Improving Teacher Quality State Grants			96,256		89,531	
ARRA - State Fiscal Stabilization Fund-Education State Fund	2010	84.394			175,617	
	2011		1,098,036		923,041	
Total ARRA - State Fiscal Stabilization Fund-Education State Fund			1,098,036		1,098,658	
ARRA - Race to the Top	2011	84.395			11,299	
Education Jobs Fund	2011	84.410	261,091		256,474	
<i>Passed Through Plain Local School District:</i>						
Career and Technical Education-Basic Grants to States		84.048	35,500		32,248	
Total U.S. Department of Education			2,899,182		2,885,328	
Totals			\$ 3,199,296	\$ 73,037	\$ 3,185,442	\$ 73,037

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

**LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the entitlement value.



Dave Yost • Auditor of State

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

Lake Local School District
Stark County
11936 King Church Avenue, NW
Uniontown, Ohio 44685

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Local School District, Stark County, Ohio, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 17, 2012. We noted governmental fund balances were restated due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54. In addition, we noted governmental and business type activities net assets were restated due to changing the capital asset threshold. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 17, 2012.

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



Dave Yost
Auditor of State

January 17, 2012



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

Lake Local School District
Stark County
11936 King Church Avenue, NW
Uniontown, Ohio 44685

To the Board of Education:

Compliance

We have audited the compliance of Lake Local School District, Stark County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Lake Local School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Lake Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and questioned costs lists this instance as Finding 2011-01.

Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings and questioned costs as item 2011-01. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Dave Yost
Auditor of State

January 17, 2012

LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011

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 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 significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster CFDA# 10.555; Special Education Cluster CFDA# 84.027 & 84.391; ARRA-State Fiscal Stabilization Fund CFDA# 84.394
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	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

Questioned Costs - Allowable Costs/Cost Principles

Finding Number	2011-01
CFDA Title and Number	Special Education Cluster CFDA# 84.027 & 84.391
Federal Award Number / Year	2010 & 2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

QUESTIONED COST AND NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

2 C.F.R. Part 225, Appendix B (8)(h) provides, in part, salaries and wages will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official of the government unit. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Such documentary support will be required where employees work on more than one Federal award, or a federal award and a non-Federal award. Personal activity reports or equivalent documentation must meet the following standards:

- They must reflect an after-the-fact distribution of the actual activity of each employee;
- They must account for the total activity for which the employee is compensated;
- They must be prepared at least monthly and must coincide with one or more pay periods; and
- They must be signed by the employee.

During our testing of the Special Education program, we noted the following:

- The District had three employees who worked on the Special Education program and other activities; however, personnel activity reports or equivalent documentation was not maintained. We are therefore questioning \$42,182 in salaries and fringe benefits for the employees mentioned above.

The District should maintain personal activity reports, or equivalent documentation required for all employees paid from any federal programs, in accordance with the requirements of 2 C.F.R. Part 225, Appendix B 8(h). This will help ensure the District is in compliance with all Federal time and effort documentation requirements. Furthermore, failure to maintain adequate time and effort documentation could compromise the District's eligibility to participate in future Federal grant programs.

Official's Response: See corrective action plan on page 63.

**LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-01	As Treasurer for the District I can certify that District personnel WERE NOT AWARE of any such requirement for Time and Effort Logs as stated in C.F.R. Part 225 Appendix B (8)(h) prior to the fact that such a requirement was called to our attention during the conduct of the current District Audit for 2010-11. We have since implemented a process for completion of such logs from this time forth.	1/17/2012	Bob Moffat

LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01 and 2010-02	<p>2 C.F.R., Part 225, Appendix A(C)(1)(c) and Ohio Rev. Code Section 3313.24 - The District charged the Treasurer's salary to the State Fiscal Stabilization Fund, which is prohibited under State law. Therefore, we questioned the payment of the Treasurer's salary as an allowable cost of the State Fiscal Stabilization Fund.</p>	Yes	Corrected



Dave Yost • Auditor of State

Accountants' Report on Applying Agreed-Upon Procedure

Lake Local School District
Stark County
11936 King Church Avenue, NW
Uniontown, Ohio 44685

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

We noted the Board amended its anti-harassment policy at its meeting on July 19, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 17, 2012

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LAKE LOCAL SCHOOL DISTRICT

STARK 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
FEBRUARY 2, 2012