



Dave Yost • Auditor of State



**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, 2012, 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, 2012, 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 December 21, 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.

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.

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

**Dave Yost**  
Auditor of State

December 21, 2012

**Lake Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*

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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, 2012. 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 2012 are as follows:

- Net assets decreased \$3.0 million, or 17.8 percent in governmental activities from fiscal year 2011. Net assets in the business-type activities decreased less than \$600.
- Total capital assets decreased \$1.3 million during fiscal year 2012.
- During the year, outstanding debt decreased from \$23.8 million to \$23.0 million due to principal payments made by the School District

***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 2012?" 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.

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

**Lake Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*

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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 of non-instructional services 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, 2012*

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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.

***Reporting the School District's Fiduciary Responsibilities***

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. These activities are presented as private purpose trust funds. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The School District's fiduciary activities are reported in separate Statements of Fiduciary Assets and Liabilities and Changes in Fiduciary Net Assets on pages 24 and 25. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

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**Lake Local School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2012

**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 2012 compared to 2011:

**Table 1**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current and Other Assets	\$ 21,907,501	\$ 24,041,279	\$ 444,999	\$ 430,723	\$ 22,352,500	\$ 24,472,002
Capital Assets	<u>33,305,006</u>	<u>34,545,045</u>	<u>105,096</u>	<u>116,973</u>	<u>33,410,102</u>	<u>34,662,018</u>
<i>Total Assets</i>	<u>55,212,507</u>	<u>58,586,324</u>	<u>550,095</u>	<u>547,696</u>	<u>55,762,602</u>	<u>59,134,020</u>
<b>Liabilities</b>						
Other Liabilities	17,507,121	16,941,384	95,147	99,044	17,602,268	17,040,428
Long-Term Liabilities	<u>23,867,712</u>	<u>24,803,520</u>	<u>16,772</u>	<u>9,893</u>	<u>23,884,484</u>	<u>24,813,413</u>
<i>Total Liabilities</i>	<u>41,374,833</u>	<u>41,744,904</u>	<u>111,919</u>	<u>108,937</u>	<u>41,486,752</u>	<u>41,853,841</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Debt	12,301,851	12,408,610	105,096	116,973	12,406,947	12,525,583
Restricted	1,725,617	2,336,616	0	0	1,725,617	2,336,616
Unrestricted	<u>(189,794)</u>	<u>2,096,194</u>	<u>333,080</u>	<u>321,786</u>	<u>143,286</u>	<u>2,417,980</u>
<i>Total Net Assets</i>	<u>\$ 13,837,674</u>	<u>\$ 16,841,420</u>	<u>\$ 438,176</u>	<u>\$ 438,759</u>	<u>\$ 14,275,850</u>	<u>\$ 17,280,179</u>

At year end, capital assets represented 60.3 percent of total assets. Capital assets include, land, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks. Capital assets, net of related debt were \$12.4 million at June 30, 2012. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$1.7 million or 12.5 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net assets is a deficit balance of \$.2 million.

Current and other assets in the governmental activities decreased \$2.1 million from fiscal year 2011 mainly due to a \$1.7 million decrease in cash. This can be partially attributed to a decrease in federal grant funding from fiscal year 2011 in addition to the timing of revenues to cover expenses. Depreciation expense accounts for the \$1.3 million decrease in capital assets.

Other liabilities in the governmental activities increased \$.6 million. This is due to a \$1.1 million increase in deferred tax revenue at year end offset by a \$.4 million decrease in accrued wages from a medical insurance payment holiday.

Assets and liabilities in the business-type activities remained fairly consistent from fiscal year 2011.

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*Management's Discussion and Analysis*  
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Table 2 shows the changes in net assets for fiscal year 2012 compared to 2011.

**Table 2**  
**Governmental and Business-Type Activities**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 721,104	\$ 792,357	\$ 868,513	\$ 863,863	\$ 1,589,617	\$ 1,656,220
Operating Grants	2,067,865	3,005,948	368,917	355,888	2,436,782	3,361,836
Capital Grants	0	690,619	0	0	0	690,619
<b>Total Program Revenues</b>	<b>2,788,969</b>	<b>4,488,924</b>	<b>1,237,430</b>	<b>1,219,751</b>	<b>4,026,399</b>	<b>5,708,675</b>
<i>General Revenues:</i>						
Property Taxes	13,392,604	15,771,037	0	0	13,392,604	15,771,037
Grants and Entitlements Not Restricted	15,420,501	16,921,423	0	0	15,420,501	16,921,423
Other	23,455	27,049	91	323	23,546	27,372
<b>Total General Revenues</b>	<b>28,836,560</b>	<b>32,719,509</b>	<b>91</b>	<b>323</b>	<b>28,836,651</b>	<b>32,719,832</b>
<b>Total Revenues</b>	<b>31,625,529</b>	<b>37,208,433</b>	<b>1,237,521</b>	<b>1,220,074</b>	<b>32,863,050</b>	<b>38,428,507</b>
<b>Program Expenses</b>						
<i>Instruction:</i>						
Regular	14,251,468	15,030,653	0	0	14,251,468	15,030,653
Special	3,014,559	3,302,599	0	0	3,014,559	3,302,599
Vocational	490,658	469,875	0	0	490,658	469,875
Student Intervention Services	216,897	204,750	0	0	216,897	204,750
Other	1,066,917	1,056,238	0	0	1,066,917	1,056,238
<i>Support services:</i>						
Pupils	839,519	1,025,087			839,519	1,025,087
Instructional Staff	1,511,115	1,772,103	0	0	1,511,115	1,772,103
Board of Education	39,400	27,212	0	0	39,400	27,212
Administration	3,841,200	3,033,550	0	0	3,841,200	3,033,550
Fiscal	688,045	660,601	0	0	688,045	660,601
Business	76,615	76,393	0	0	76,615	76,393
Operation and Maintenance of Plant	3,194,829	2,811,350	0	0	3,194,829	2,811,350
Pupil Transportation	2,166,425	2,731,056	0	0	2,166,425	2,731,056
Central	202,819	174,248	0	0	202,819	174,248
Operation of Non-Instructional Services	487,397	468,966	0	0	487,397	468,966
Extracurricular Activities	1,218,263	965,417			1,218,263	965,417
Interest and Fiscal Charges	1,294,257	1,207,719	0	0	1,294,257	1,207,719
Enterprise Funds	0	0	1,266,996	1,249,350	1,266,996	1,249,350
<b>Total Expenses</b>	<b>34,600,383</b>	<b>35,017,817</b>	<b>1,266,996</b>	<b>1,249,350</b>	<b>35,867,379</b>	<b>36,267,167</b>
Transfers	(28,892)	0	28,892	0	0	0
<b>Increase (Decrease) in Net Assets</b>	<b>(3,003,746)</b>	<b>2,190,616</b>	<b>(583)</b>	<b>(29,276)</b>	<b>(3,004,329)</b>	<b>2,161,340</b>
<b>Net Assets at Beginning of Year</b>	<b>16,841,420</b>	<b>14,650,804</b>	<b>438,759</b>	<b>468,035</b>	<b>17,280,179</b>	<b>15,118,839</b>
<b>Net Assets at End of Year</b>	<b>\$ 13,837,674</b>	<b>\$ 16,841,420</b>	<b>\$ 438,176</b>	<b>\$ 438,759</b>	<b>\$ 14,275,850</b>	<b>\$ 17,280,179</b>

Net assets in the governmental activities decreased \$3.0 million from fiscal year 2011. Revenues decreased \$5.6 million, primarily in grants and taxes. Operating grants decreased \$.9 million partially due to a decrease in funding from the expiration of the ARRA programs. Property tax revenues decreased \$2.4 million from fiscal year 2011. This is attributable to the fluctuation in the taxes available as an advance at year end from

**Lake Local School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2012

the County from year to year. The \$.7 million decrease in capital grants from fiscal year 2011 was due to a reimbursement for renovations from the YMCA received in fiscal year 2011. Program expenses decreased \$.4 million over fiscal year 2011. Regular instruction decreased \$.8 million from fiscal year 2011 mostly in salaries from retired certified employees not being replaced. Administration increased \$.8 million over fiscal year 2011 from the early retirement incentive program and additional salaries previously paid from the State Fiscal Stabilization and Education Jobs grants. Cost cutting efforts by the School District account for other decreases in expenses.

Net assets in the business-type activities decreased less than \$600 from fiscal year 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**

	Total Cost of Service		Net Cost of Service	
	2012	2011	2012	2011
Instruction:				
Regular	\$ 14,251,468	\$ 15,030,653	\$ 13,920,192	\$ 13,747,753
Special	3,014,559	3,302,599	2,149,246	2,045,372
Vocational	490,658	469,875	253,922	434,375
Student Intervention Services	216,897	204,750	216,897	204,750
Other	1,066,917	1,056,238	1,066,917	1,056,238
Support services:				
Pupils	839,519	1,025,087	826,200	945,751
Instructional Staff	1,511,115	1,772,103	1,390,931	1,689,489
Board of Education	39,400	27,212	39,400	27,212
Administration	3,841,200	3,033,550	3,841,200	3,024,725
Fiscal	688,045	660,601	583,797	520,113
Business	76,615	76,393	76,615	76,393
Operation and Maintenance of Plant	3,194,829	2,811,350	3,168,929	2,776,423
Pupil Transportation	2,166,425	2,731,056	2,166,425	2,645,874
Central	202,819	174,248	83,837	63,045
Operation of Non-Instructional Services	487,397	468,966	49,416	66,438
Extracurricular Activities	1,218,263	965,417	962,498	(2,777)
Interest and Fiscal Charges	1,294,257	1,207,719	1,014,992	1,207,719
<b><i>Total Expenses</i></b>	<b>\$ 34,600,383</b>	<b>\$ 35,017,817</b>	<b>\$ 31,811,414</b>	<b>\$ 30,528,893</b>

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*Management's Discussion and Analysis*  
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The total cost of extracurricular activities in fiscal year 2011 was partially funded by a reimbursement from the YMCA for renovations done to the facility.

The dependence upon general revenues for governmental activities is apparent. Over 92 percent of governmental activities are supported through taxes and other general revenues; such revenues are 91 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

**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 \$1.3 million and expenses of \$1.3 million for fiscal year 2012.

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

***Governmental Funds***

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$32.0 million and expenditures of \$34.3 million for fiscal year. The net change in fund balances for the fiscal year was a decrease of \$2.3 million for all governmental funds with the most significant decrease in the general fund.

The general fund's net change in fund balance for fiscal year 2012 was a decrease of \$2.2 million. The fluctuation in tax revenue available for advance from year to year accounts for most of the \$2.3 million decrease in revenues from fiscal year 2011. Expenditures increased \$.4 million over fiscal year 2011. There was a \$1.7 million increase in administrative expenditures when general fund began paying salaries for the federal grant programs that expired as well as early retirement incentives. Regular instruction had a decrease of \$.8 million mostly in salaries due to retiring employees that were not replaced.

The fund balance of the debt service fund decreased by \$.2 million. The decrease in the tax revenue available for advance contributed to the \$.1 decrease in revenues from fiscal year 2011.

***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.

During the course of fiscal year 2012, the School District did amend its general fund budget a few times. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, actual and final budget basis revenue was \$28.6 million which was \$.1 million more than original budget basis revenue of \$28.5 million.

Final appropriations and actual expenditures were \$30.6 million in fiscal year 2012. Original appropriations of \$29.7 million were \$1.0 million less than final appropriations mainly in administrative expenditures.

**Lake Local School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2012

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2012, the School District had \$33.4 million invested in capital assets. Table 4 shows fiscal year 2012 balances compared with 2011.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 3,022,257	\$ 2,993,257	\$ 0	\$ 0	\$ 3,022,257	\$ 2,993,257
Land Improvements	672,950	783,572	0	0	672,950	783,572
Buildings and Improvements	27,916,184	28,814,924	0	0	27,916,184	28,814,924
Furniture and Equipment	478,300	517,118	105,096	116,973	583,396	634,091
Vehicles	1,134,394	1,351,361	0	0	1,134,394	1,351,361
Textbooks	80,921	84,813	0	0	80,921	84,813
Totals	<u>\$33,305,006</u>	<u>\$34,545,045</u>	<u>\$ 105,096</u>	<u>\$ 116,973</u>	<u>\$33,410,102</u>	<u>\$34,662,018</u>

The \$1.3 million decrease in capital assets was attributable to depreciation and disposals exceeding current year purchases. See Note 9 for more information about the capital assets of the School District.

**Debt**

At June 30, 2012, the School District had \$23.0 million in debt outstanding. See Note 14 for additional details. Table 5 summarizes bonds outstanding.

**Table 5**  
**Outstanding Debt**  
**and Related Charges, at June 30**

	Governmental Activities	
	2012	2011
General Obligation Bonds:		
2005 Refunding Bonds	\$ 18,295,000	\$ 19,405,000
2005 Capital Appreciation Bonds	954,950	954,950
2005 Capital Appreciation Bonds - Accretion	1,820,671	1,434,071
2005 Unamortized Bond Premium	1,950,914	1,988,839
	<u>\$ 23,021,535</u>	<u>\$ 23,782,860</u>

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*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*

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**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 2011-12 the School District was designated as an **Excellent with Distinction District** based on its having met **100% of the possible State Indicators (26 out of 26)**, its highest ever outstanding achievement of an overall **Performance Index of 108.0** out of a possible 120.0, and its meeting the State's requirement for both **Adequate Yearly Progress (AYP)** and **Value Added Rating**.

In April 2010, the School District negotiated a 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 2011-12 and 2012-13 biennium budget. 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. The School District will be negotiating a new contract with the LLEA for its Certified Staff to be effective in July 2013.

Likewise, in April 2011, The School District negotiated a 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 (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 FY11-12, approximately 44.6% of the School District's total revenue was derived from local sources. This compares to a 42.7% local share in FY10-11, a significant increase due in part to an overall reduction in operating revenue combined with the elimination/draw down of Federal Stimulus Funding.

After the failure of the Bond Issue/Permanent Improvement Levy in the May 2011 Primary, the School District again partnered with the Ohio School Facilities Commission (OSFC) to place a Classroom Facilities Assistance Program (CFAP) Project on the November 8<sup>th</sup> General 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 \$36.1 million dollar project would have been funded at 65% by the state with the remaining 35% funded locally. The 0.5 mill permanent improvement levy would have provided approximately \$208,000 annually to be used for facility upkeep and repair, an expense presently borne by the

**Lake Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*

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School District's General Fund. Unfortunately, the issue was defeated by a vote of 3,665 (46%) in favor with 4,307 (54%) opposed. In light of the third defeat of a CFAP Project, the School District has decided not to place the issue back on the ballot and will continue to assess the School District's need for expanded/updated facilities and how those needs might best be met.

Passage of the School District's 11.1 mill operating levy in February 2006 has provided numerous opportunities to expand upon the School District's Excellence. However, in light of projected declining revenues, the School District has undertaken a major cost cutting program to reduce both contractual and non-contractual expenditures. To date, non-contractual budgets have been reduced by 6%/year for each of the prior three years and approximately twenty (20) staff members have not been replaced through attrition. At the direction of the Board, the Administration has undertaken a major effort to identify additional cost cutting measures to bring expenditures in line with projected revenue. Both the Board and the Administration are also assessing the option of placing either an School District Earned Income Tax or a Property Levy on the May 2013 Primary Election Ballot.

In order to continue to provide a quality educational program with a limited availability of financial assistance, the School District must continue to implement systems for both budgetary and internal control purposes in order to efficiently allocate and utilize those available financial resources. All of the School District's resources have 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, 2012

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 6,293,118	\$ 412,980	\$ 6,706,098
Receivables:			
Accounts	1,800	7,768	9,568
Internal Balances	13,481	(13,481)	0
Intergovernmental	205,699	37,732	243,431
Taxes	15,195,694	0	15,195,694
Deferred Charges - Issuance Costs	197,709	0	197,709
Nondepreciable Capital Assets	3,022,257	0	3,022,257
Depreciable Capital Assets (Net)	30,282,749	105,096	30,387,845
<i>Total Assets</i>	<u>55,212,507</u>	<u>550,095</u>	<u>55,762,602</u>
<b>Liabilities</b>			
Accounts Payable	289,927	2,155	292,082
Accrued Wages and Benefits	2,867,810	61,454	2,929,264
Intergovernmental Payable	832,677	31,538	864,215
Accrued Interest Payable	76,229	0	76,229
Deferred Revenue	13,283,839	0	13,283,839
Matured Compensated Absences	156,639	0	156,639
Long Term Liabilities:			
Due Within One Year	1,477,931	4,727	1,482,658
Due in More Than One Year	22,389,781	12,045	22,401,826
<i>Total Liabilities</i>	<u>41,374,833</u>	<u>111,919</u>	<u>41,486,752</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	12,301,851	105,096	12,406,947
Restricted for:			
Capital Projects	127,214	0	127,214
Debt Service	1,211,849	0	1,211,849
Athletics	138,682	0	138,682
Auxiliary	35,788	0	35,788
Other Purposes	212,084	0	212,084
Unrestricted	(189,794)	333,080	143,286
<i>Total Net Assets</i>	<u>\$ 13,837,674</u>	<u>\$ 438,176</u>	<u>\$ 14,275,850</u>

See accompanying notes to the basic financial statements.

**Lake Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2012

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest
<b>Governmental Activities</b>			
Instruction:			
Regular	\$ 14,251,468	\$ 230,158	\$ 101,118
Special	3,014,559	0	865,313
Vocational	490,658	0	236,736
Student Intervention Services	216,897	0	0
Other	1,066,917	0	0
Support services:			
Pupils	839,519	11,951	1,368
Instructional Staff	1,511,115	0	120,184
Board of Education	39,400	0	0
Administration	3,841,200	0	0
Fiscal	688,045	104,248	0
Business	76,615	0	0
Operation and Maintenance of Plant	3,194,829	0	25,900
Pupil Transportation	2,166,425	0	0
Central	202,819	118,982	0
Operation of Non-Instructional Services	487,397	0	437,981
Extracurricular Activities	1,218,263	255,765	0
Interest and Fiscal Charges	1,294,257	0	279,265
<i>Total Governmental Activities</i>	<u>34,600,383</u>	<u>721,104</u>	<u>2,067,865</u>
<b>Business-Type Activities</b>			
Food Service	1,092,272	721,419	368,917
Uniform School Supplies	140,105	124,446	0
Supplemental Education	34,619	22,648	0
<i>Total Business-Type Activities</i>	<u>1,266,996</u>	<u>868,513</u>	<u>368,917</u>
<i>Totals</i>	<u>\$ 35,867,379</u>	<u>\$ 1,589,617</u>	<u>\$ 2,436,782</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  
  
Net Transfers  
  
Change in Net Assets  
  
Net Assets Beginning of Year  
  
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
\$ (13,920,192)	\$ 0	\$ (13,920,192)
(2,149,246)	0	(2,149,246)
(253,922)	0	(253,922)
(216,897)	0	(216,897)
(1,066,917)	0	(1,066,917)
(826,200)	0	(826,200)
(1,390,931)	0	(1,390,931)
(39,400)	0	(39,400)
(3,841,200)	0	(3,841,200)
(583,797)	0	(583,797)
(76,615)	0	(76,615)
(3,168,929)	0	(3,168,929)
(2,166,425)	0	(2,166,425)
(83,837)	0	(83,837)
(49,416)	0	(49,416)
(962,498)	0	(962,498)
(1,014,992)	0	(1,014,992)
<u>(31,811,414)</u>	<u>0</u>	<u>(31,811,414)</u>
0	(1,936)	(1,936)
0	(15,659)	(15,659)
0	(11,971)	(11,971)
<u>0</u>	<u>(29,566)</u>	<u>(29,566)</u>
<u>(31,811,414)</u>	<u>(29,566)</u>	<u>(31,840,980)</u>
11,747,092	0	11,747,092
1,645,512	0	1,645,512
15,420,501	0	15,420,501
3,327	0	3,327
20,128	91	20,219
<u>28,836,560</u>	<u>91</u>	<u>28,836,651</u>
<u>(28,892)</u>	<u>28,892</u>	<u>0</u>
(3,003,746)	(583)	(3,004,329)
<u>16,841,420</u>	<u>438,759</u>	<u>17,280,179</u>
<u>\$ 13,837,674</u>	<u>\$ 438,176</u>	<u>\$ 14,275,850</u>

See accompanying notes to the basic financial statements.

**Lake Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2012*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 4,830,851	\$ 979,334	\$ 387,035	\$ 6,197,220
Restricted Cash and Cash Equivalents	95,898	0	0	95,898
Receivables:				
Accounts	1,800	0	0	1,800
Interfund	55,346	0	0	55,346
Intergovernmental	35,812	0	169,887	205,699
Taxes	13,316,373	1,879,321	0	15,195,694
<i>Total Assets</i>	<u>\$ 18,336,080</u>	<u>\$ 2,858,655</u>	<u>\$ 556,922</u>	<u>\$ 21,751,657</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 263,728	\$ 0	\$ 26,199	\$ 289,927
Accrued Wages and Benefits	2,805,576	0	62,234	2,867,810
Intergovernmental Payable	816,190	0	16,487	832,677
Matured Compensated Absences	156,639	0	0	156,639
Interfund Payable	0	0	41,865	41,865
Deferred Revenue	12,464,162	1,757,340	107,713	14,329,215
<i>Total Liabilities</i>	<u>16,506,295</u>	<u>1,757,340</u>	<u>254,498</u>	<u>18,518,133</u>
<b>Fund Balances</b>				
Restricted	99,723	1,101,315	323,478	1,524,516
Assigned	490,918	0	0	490,918
Unassigned	1,239,144	0	(21,054)	1,218,090
<i>Total Fund Balances</i>	<u>1,829,785</u>	<u>1,101,315</u>	<u>302,424</u>	<u>3,233,524</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 18,336,080</u>	<u>\$ 2,858,655</u>	<u>\$ 556,922</u>	<u>\$ 21,751,657</u>

See accompanying notes to the basic financial statements.

**Lake Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2012*

<b>Total Governmental Fund Balances</b>		\$ 3,233,524
 <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.		33,305,006
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	\$ 937,663	
Intergovernmental	<u>107,713</u>	
Total		1,045,376
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		197,709
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(76,229)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(18,295,000)	
Capital Appreciation Bonds	(954,950)	
Bond Premium	(1,950,914)	
Accretion of Interest - Capital Appreciation Bonds	(1,820,671)	
Compensated Absences	<u>(846,177)</u>	
Total		<u>(23,867,712)</u>
<i>Net Assets of Governmental Activities</i>		<u>\$ 13,837,674</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, 2012*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property and Other Local Taxes	\$ 11,661,880	\$ 1,634,184	\$ 0	\$ 13,296,064
Intergovernmental	15,626,668	279,265	2,017,677	17,923,610
Investment Income	3,327	0	47	3,374
Tuition and Fees	228,984	0	8,852	237,836
Extracurricular Activities	151,077	0	232,955	384,032
Rentals	104,248	0	0	104,248
Gifts and Donations	5,236	0	19,005	24,241
Miscellaneous	20,128	0	0	20,128
<i>Total Revenues</i>	<u>27,801,548</u>	<u>1,913,449</u>	<u>2,278,536</u>	<u>31,993,533</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	13,080,840	0	483,668	13,564,508
Special	2,157,097	0	887,232	3,044,329
Vocational	457,944	0	33,192	491,136
Student Intervention	219,032	0	0	219,032
Other	1,066,917	0	0	1,066,917
Support Services:				
Pupils	844,285	0	1,318	845,603
Instructional Staff	1,410,399	0	116,873	1,527,272
Board of Education	39,400	0	0	39,400
Administration	3,806,733	0	1,284	3,808,017
Fiscal	652,645	30,147	0	682,792
Business	77,014	0	0	77,014
Operation and Maintenance of Plant	3,213,361	0	4,794	3,218,155
Pupil Transportation	1,970,374	0	0	1,970,374
Central	183,124	0	18,956	202,080
Operation of Non-Instructional Services	42,949	0	441,677	484,626
Extracurricular Activities	719,516	0	232,090	951,606
Capital outlay	41,674	0	6,035	47,709
Debt Service:				
Principal Retirement	0	1,110,000	0	1,110,000
Interest and Fiscal Charges	0	934,175	0	934,175
<i>Total Expenditures</i>	<u>29,983,304</u>	<u>2,074,322</u>	<u>2,227,119</u>	<u>34,284,745</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,181,756)	(160,873)	51,417	(2,291,212)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(28,892)	0	0	(28,892)
<i>Net Change in Fund Balance</i>	(2,210,648)	(160,873)	51,417	(2,320,104)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>4,040,433</u>	<u>1,262,188</u>	<u>251,007</u>	<u>5,553,628</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,829,785</u>	<u>\$ 1,101,315</u>	<u>\$ 302,424</u>	<u>\$ 3,233,524</u>

See accompanying notes to the basic financial statements.

**Lake Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2012*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(2,320,104)
 <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	\$ 95,773	
Current Year Depreciation	<u>(1,334,911)</u>	(1,239,138)
 Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(901)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	96,541	
Intergovernmental	<u>(464,545)</u>	(368,004)
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		1,110,000
 Issuance costs are reported as an expenditure when paid in the governmental funds, but are deferred on the statement of net assets.		
		(14,645)
 In the statement of activities, interest is accrued on outstanding bonds, and bond premium and bond issuance costs and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	3,238	
Amortization of Premium on Bonds	<u>37,925</u>	41,163
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		174,483
 Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds.		
		<u>(386,600)</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$</u>	<u>(3,003,746)</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, 2012*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Revenues:</b>				
Property and Other Local Taxes	\$ 12,520,014	\$ 12,626,743	\$ 12,626,743	\$ 0
Intergovernmental	15,673,765	15,624,000	15,624,000	0
Investment Income	3,500	3,327	3,327	0
Tuition and Fees	180,750	226,266	226,266	0
Extracurricular Activities	0	277	277	0
Rentals	128,000	106,183	106,183	0
Miscellaneous	5,000	20,128	20,128	0
<i>Total Revenues</i>	<u>28,511,029</u>	<u>28,606,924</u>	<u>28,606,924</u>	<u>0</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	13,778,260	13,375,182	13,375,182	0
Special	2,179,468	2,293,173	2,293,173	0
Vocational	413,380	451,057	451,057	0
Student Intervention Services	0	229,732	229,732	0
Other	1,034,136	1,055,972	1,055,972	0
Support Services:				
Pupils	970,892	860,701	860,701	0
Instructional Staff	1,567,405	1,474,649	1,474,649	0
Board of Education	30,890	37,929	37,929	0
Administration	2,818,305	3,834,154	3,834,154	0
Fiscal	694,241	647,641	647,641	0
Business	74,113	80,128	80,128	0
Operation and Maintenance of Plant	3,299,593	3,387,605	3,387,605	0
Pupil Transportation	2,001,067	2,012,984	2,012,984	0
Central	54,336	90,539	90,539	0
Operation of Non-Instructional Services	40,897	43,686	43,686	0
Extracurricular Activities	627,424	712,584	712,584	0
Capital Outlay	92,655	41,754	41,754	0
<i>Total Expenditures</i>	<u>29,677,062</u>	<u>30,629,470</u>	<u>30,629,470</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(1,166,033)	(2,022,546)	(2,022,546)	0
<b>Other Financing Sources (Uses):</b>				
Advances In	40,526	40,249	40,249	0
Advances Out	(45,000)	(55,347)	(55,347)	0
Transfers Out	0	(28,892)	(28,892)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(4,474)</u>	<u>(43,990)</u>	<u>(43,990)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,170,507)	(2,066,536)	(2,066,536)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	5,818,905	5,818,905	5,818,905	0
Prior Year Encumbrances Appropriated	420,521	420,521	420,521	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 5,068,919</u>	<u>\$ 4,172,890</u>	<u>\$ 4,172,890</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, 2012*

		NonMajor Enterprise Funds
<b>Assets</b>		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$	412,980
Accounts Receivable		7,768
Intergovernmental Receivable		37,732
<i>Total Current Assets</i>		458,480
<i>Non Current Assets:</i>		
Depreciable Capital Assets (Net)		105,096
<i>Total Assets</i>		563,576
<b>Liabilities</b>		
<i>Current Liabilities:</i>		
Accounts Payable		2,155
Accrued Wages and Benefits		61,454
Compensated Absences Payable		4,727
Interfund Payable		13,481
Intergovernmental Payable		31,538
<i>Total Current Liabilities</i>		113,355
<i>Long Term Liabilities:</i>		
Compensated Absences		12,045
<i>Total Liabilities</i>		125,400
<b>Net Assets</b>		
Invested in Capital Assets		105,096
Unrestricted		333,080
<i>Total Net Assets</i>	\$	438,176

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, 2012*

	NonMajor Enterprise Funds
<b>Operating Revenues:</b>	
Tuition	\$ 22,648
Sales	845,865
Other Operating Revenues	91
<i>Total Operating Revenues</i>	868,604
<b>Operating Expenses:</b>	
Salaries	406,835
Fringe Benefits	145,652
Purchased Services	58,312
Materials and Supplies	644,203
Depreciation	11,877
Other	117
<i>Total Operating Expenses</i>	1,266,996
<i>Operating Income (Loss)</i>	(398,392)
<b>Non-Operating Revenues (Expenses):</b>	
Federal Donated Commodities	65,528
Grants	303,239
Interest	150
<i>Total Non-Operating Revenues (Expenses)</i>	368,917
<i>Income (Loss) Before Transfers</i>	(29,475)
Transfers In	28,892
<i>Change in Net Assets</i>	(583)
<i>Net Assets (Deficit) Beginning of Year</i>	438,759
<i>Net Assets (Deficit) End of Year</i>	\$ 438,176

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, 2012

	NonMajor Enterprise Funds
<b>Cash Flows From Operating Activities:</b>	
Cash Received from Customers	\$ 865,626
Other Cash Receipts	91
Cash Paid for Goods and Services	(641,511)
Cash Paid to Employees	(545,098)
	(320,892)
<i>Net Cash Provided By (Used For) Operating Activities</i>	
<b>Cash Flows From Non-Capital Financing Activities:</b>	
Transfers from Other Funds	28,892
Advances to Other Funds	(23,136)
Advances from Other Funds	13,481
Grants Received	303,239
	322,476
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	
<b>Cash Flows From Investing Activities:</b>	
Interest on Investments	150
	150
<i>Net Cash Provided By (Used For) Investing Activities</i>	
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	
	1,734
<i>Cash and Cash Equivalents at Beginning of Year</i>	
	411,246
<i>Cash and Cash Equivalents at End of Year</i>	
	\$ 412,980
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</b>	
Operating Income (Loss)	\$ (398,392)
Adjustments:	
Depreciation	11,877
Federal Donated Commodities	65,528
(Increase) Decrease Assets	
Accounts Receivable	(5,148)
Intergovernmental Receivable	2,261
Increase (Decrease) in Liabilities	
Accounts Payable	(1,730)
Accrued Wages and Benefits	510
Compensated Absences Payable	6,879
Intergovernmental Payable	(2,677)
	77,500
<i>Total Adjustments</i>	
<i>Net Cash Provided By (Used For) Operating Activities</i>	
	\$ (320,892)
Noncash items:	
The Food Service Fund received \$65,528 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, 2012*

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 453	\$ 133,166
<b>Liabilities</b>		
Undistributed Monies	\$ 0	\$ 1,143
Due to Students	0	132,023
<i>Total Liabilities</i>	0	\$ 133,166
<b>Net Assets</b>		
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, 2012*

	Private Purpose Trust	
	Scholarship	
<b>Additions</b>		
Interest	\$	0
<b>Deductions</b>		0
<i>Change in Net Assets</i>		0
<i>Net Assets Beginning of Year</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, 2012*

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**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 244 certified employees and 159 non-certified employees who provide services to 3,549 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 10 and 16 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, 2012*

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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 three 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, 2012*

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***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, 2012*

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***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 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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, 2012, but which were levied to finance fiscal year 2013 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**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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***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 2012, 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, 2012. 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 2012 amounted to \$3,327, which includes \$764 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 18 for additional information regarding set asides.

**Lake Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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***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.

**Lake Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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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*  
*For the Fiscal Year Ended June 30, 2012*

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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. The Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

*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*  
*For the Fiscal Year Ended June 30, 2012*

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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 2012.

***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*  
*For the Fiscal Year Ended June 30, 2012*

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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 2012.

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.

**Note 3 - Fund Deficits**

Fund balances at June 30, 2012 included the following individual fund deficits:

	<u>Deficit</u> <u>Fund Balance</u>
Nonmajor Funds:	
Race to the Top	\$ 112
Title I Fund	17,033
Title II-A Fund	3,909

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 4 – 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*  
*For the Fiscal Year Ended June 30, 2012*

	General	Debt Service	Other Governmental Funds	Total
Restricted for:				
Debt Service	\$ 0	\$ 1,101,315	\$ 0	\$ 1,101,315
Capital Outlay	0	0	127,214	127,214
Extracurricular	0	0	138,682	138,682
Non-Public School	0	0	35,788	35,788
Special Education	0	0	11,726	11,726
BWC Refund by ORC	95,898	0	0	95,898
Other Purposes	3,825	0	10,068	13,893
Total Restricted	<u>99,723</u>	<u>1,101,315</u>	<u>323,478</u>	<u>1,524,516</u>
Assigned for:				
Public School Support	102,581	0	0	102,581
Other Purposes	1,632	0	0	1,632
Encumbrances:				
Instruction	85,052	0	0	85,052
Support Services	301,653	0	0	301,653
Total Assigned	<u>490,918</u>	<u>0</u>	<u>0</u>	<u>490,918</u>
Unassigned	<u>1,239,144</u>	<u>0</u>	<u>(21,054)</u>	<u>1,218,090</u>
Total Fund Balance (Deficit)	<u>\$ 1,829,785</u>	<u>\$ 1,101,315</u>	<u>\$ 302,424</u>	<u>\$ 3,233,524</u>

**Note 5 - 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).

**Lake Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
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	\$ (2,210,648)
Net Adjustment for Revenue Accruals	961,979
Advances In	40,249
Net Adjustment for Expenditure Accruals	(171,854)
Advances Out	(55,347)
Funds Budgeted Elsewhere **	360
Adjustment for Encumbrances	(631,275)
Budget Basis	\$ (2,066,536)

\*\* 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 6 - 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.

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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.

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.

**Lake Local School District**  
*Notes to the Basic Financial Statements*  
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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.

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 \$165,038 and the bank balances of the deposits totaled \$197,303. All of the bank balance was covered by depository insurance.

**Investments:** Investments are reported at fair value. As of June 30, 2012, the School District had the following investment:

	Fair Value	Investment Maturities (in months) 0 - 6
	<u>          </u>	<u>          </u>
STAROhio	<u>\$ 6,673,679</u>	<u>\$ 6,673,679</u>

**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.

STAROhio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in the physical or book entry form. Ohio law requires STAROhio maintain the highest rating provided by at least on nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2012 is 53 days and carries a rating of AAAM by Standard and Poor's.

**Credit Risk:** The School District's investment at June 30, 2012 in STAROhio was rated AAAM by Standard & Poor's.

**Lake Local School District**  
*Notes to the Basic Financial Statements*  
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**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, 2012 was in STAROhio.

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2012 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased 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 was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced 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 are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Stark and Portage Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2012, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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The amount available as an advance at June 30, 2012 was \$852,211 in the general fund and \$121,981 in the bond retirement debt service fund. The amount available as an advance at June 30, 2011, was \$1,817,074 in the general fund and \$260,088 in the bond retirement debt service fund.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 410,644,720	98.81%	\$ 411,206,500	98.77%
Public Utility Personal Property	4,938,070	1.19%	5,141,100	1.23%
<b>Total</b>	<b>\$ 415,582,790</b>	<b>100.00%</b>	<b>\$ 416,347,600</b>	<b>100.00%</b>
Full Tax Rate per \$1,000 of assessed valuation	<u>\$ 71.50</u>		<u>\$ 71.50</u>	

**Note 8 - Receivables**

Receivables at June 30, 2012, 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 the following:

	Governmental Funds			Food Service Enterprise Fund
	General Fund	Other Governmental Funds	Total	
State Aid	\$ 8,245	\$ 0	\$ 8,245	\$ 0
Federal Subsidy	0	0	0	35,703
Operating Grants	0	169,635	169,635	0
SERS Refund Receivable	27,567	252	27,819	2,029
<b>Total</b>	<b>\$ 35,812</b>	<b>\$ 169,887</b>	<b>\$ 205,699</b>	<b>\$ 37,732</b>

**Lake Local School District**  
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**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance 6/30/2011	Additions	Reductions	Balance 6/30/12
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 2,993,257	\$ 29,000	\$ 0	\$ 3,022,257
<i>Capital Assets, being depreciated:</i>				
Land Improvements	845,201	0	0	845,201
Buildings and Improvements	39,565,550	22,600	0	39,588,150
Furniture and Equipment	1,451,598	35,055	(20,709)	1,465,944
Vehicles	2,965,595	9,118	0	2,974,713
Textbooks	770,278	0	0	770,278
Total Capital Assets, being depreciated	45,598,222	66,773	(20,709)	45,644,286
Less Accumulated Depreciation:				
Land Improvements	(61,629)	(110,622)	0	(172,251)
Buildings and Improvements	(10,750,626)	(921,340)	0	(11,671,966)
Furniture and Equipment	(934,480)	(72,972)	19,808	(987,644)
Vehicles	(1,614,234)	(226,085)	0	(1,840,319)
Textbooks	(685,465)	(3,892)	0	(689,357)
Total Accumulated Depreciation	(14,046,434)	(1,334,911)	19,808	(15,361,537)
Total Capital Assets being depreciated, net	31,551,788	(1,268,138)	(901)	30,282,749
Governmental Activities Capital Assets, Net	<u>\$ 34,545,045</u>	<u>\$ (1,239,138)</u>	<u>\$ (901)</u>	<u>\$ 33,305,006</u>
<b>Business-Type Activities</b>				
<i>Capital Assets being depreciated</i>				
Furniture and Equipment	\$ 205,139	\$ 0	\$ 0	\$ 205,139
Less Accumulated Depreciation	(88,166)	(11,877)	0	(100,043)
Business-Type Activities Capital Assets, Net	<u>\$ 116,973</u>	<u>\$ (11,877)</u>	<u>\$ 0</u>	<u>\$ 105,096</u>

**Lake Local School District**  
*Notes to the Basic Financial Statements*  
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Depreciation expense was charged to governmental and business-type functions as follows:

<i>Governmental Activities:</i>	
Instruction:	
Regular	\$ 808,124
Special	1,331
Support Services:	
Pupil	4,368
Instructional Staff	3,892
Fiscal	1,061
Operation and Maintenance of Plant	25,149
Pupil Transportation	213,061
Central	739
Operation of Non-Instructional Services	3,344
Extracurricular Activities	<u>273,842</u>
Total Governmental Activities	<u>\$ 1,334,911</u>
 <i>Business-Type Activities:</i>	
Food Service	<u>\$ 11,877</u>

**Note 10 - 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 2012, the School District contracted with the following insurance companies:

Company	Type of Coverage	Coverage Amount
Indiana Insurance	Property Coverage	
	Blanket Building and Contents	\$ 106,239,884
	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*  
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***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 11 - 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 340 days. Upon retirement, employees receive payment for one-fourth of the total accumulated sick leave, up to a maximum accumulation of 56 days for those employees with ten or more years of service, and 71 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.

**Lake Local School District**  
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**Note 12 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

Plan Description - 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, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 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](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District’s required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$673,869, \$555,694 and \$696,408, respectively; 53 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010. \$346,572 represents the unpaid contribution for fiscal year 2012, and is recorded as a liability.

***B. State Teachers Retirement System***

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

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

**Lake Local School District**  
*Notes to the Basic Financial Statements*  
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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.

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$1,814,426 , \$1,938,829 and \$2,026,985, respectively; 84 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$81,321 made by the School District and \$58,086 made by the plan members. \$326,776 represents the unpaid contribution for fiscal year 2012, and is recorded as a liability

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2012, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**Note 13 - Postemployment Benefits**

***A. School Employees Retirement System***

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Lake Local School District**  
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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, .55 percent of covered payroll was allocated to health care. 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 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011, and 2010 were \$94,808, \$67,286, and \$25,066, respectively; 53 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$39,795, \$35,760, and \$41,414, respectively; 53 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

***B. State Teachers Retirement System***

Plan Description - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$143,305, \$151,920, and \$152,051, respectively; 84 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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**Note 14 - Long - Term Obligations**

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

	Outstanding 6/30/2011	Additions	Reductions	Outstanding 6/30/2012	Amounts Due in One Year
<b>Governmental Activities:</b>					
2005 Refunding of Bonds					
Serial Bonds \$21,000,000					
at 3.00% - 5.00%	\$ 19,405,000	\$ 0	\$ 1,110,000	\$ 18,295,000	\$ 0
Capital Appreciation Bonds					
at 4.17% - 4.45%	954,950	0	0	954,950	367,069
Accretion of Interest	1,434,071	386,600	0	1,820,671	782,931
Unamortized Bond Premium	1,988,839	0	37,925	1,950,914	0
Total General Obligation Bonds	23,782,860	386,600	1,147,925	23,021,535	1,150,000
Compensated Absences	1,020,660	349,781	524,264	846,177	327,931
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 24,803,520</u>	<u>\$ 736,381</u>	<u>\$ 1,672,189</u>	<u>\$ 23,867,712</u>	<u>\$ 1,477,931</u>
<b>Business-Type Activities</b>					
Compensated Absences	<u>\$ 9,893</u>	<u>\$ 14,445</u>	<u>\$ 7,566</u>	<u>\$ 16,772</u>	<u>\$ 4,727</u>

*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 \$37,925 was recorded for June 30, 2012. 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.

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

**Lake Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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 2012, \$386,600 was accreted for a liability of \$2,775,621.

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, 2012 are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
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	1,210,000	827,250	0	0	1,210,000	827,250
2018 - 2022	7,005,000	3,143,125	0	0	7,005,000	3,143,125
2023 - 2027	8,935,000	1,160,375	0	0	8,935,000	1,160,375
<b>Total</b>	<b>\$18,295,000</b>	<b>\$ 8,761,125</b>	<b>\$ 954,950</b>	<b>\$ 2,495,050</b>	<b>\$ 19,249,950</b>	<b>\$ 11,256,175</b>

**Note 15 - Interfund Balances**

**A. Transfers and Advances**

Transfers made during fiscal year 2012 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 28,892
Nonmajor Enterprise Funds	28,892	0
<b>Total</b>	<b>\$ 28,892</b>	<b>\$ 28,892</b>

These transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

**Lake Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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***B. Interfund Receivables/Payables***

Interfund receivables/payables at June 30, 2012 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 55,346	\$ 0
Nonmajor Governmental Funds	0	41,865
Nonmajor Enterprise Funds	0	13,481
	\$ 55,346	\$ 55,346

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, 2012, all interfund payables outstanding are anticipated to be repaid in fiscal year 2013.

**Note 16- 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 \$24,245 to SPARCC for basic services in fiscal year 2012.

**Note 17 - Contingencies**

***A. Review of Statewide Attendance Data***

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

***B. Grants***

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any

**Lake Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

**C. Litigation**

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

**Note 18 - Set-Asides**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end, or offset by similarly restricted resources received during the year, must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year end set-aside amounts for the BWC and capital improvement reserves. Disclosure of this information is required by State statute.

	BWC	Capital Improvement
Set Aside Restricted Balance June 30, 2011	\$ 95,898	\$ 0
Current Year Set-Aside Requirement	0	624,911
Current Year Qualifying Expenditures	0	(766,216)
Total	\$ 95,898	\$ (141,305)
 Balance Carried Forward to Fiscal Year 2013	 \$ 95,898	 \$ 0
 Set Aside Balance June 30, 2012	 \$ 95,898	 \$ 0

Although the School District had qualifying disbursements during the fiscal year that reduced the set aside amount to below zero, this amount may not be used to reduce the set aside requirement for future years. The negative balance is, therefore, not presented as being carried forward to future years.

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.

LAKE LOCAL SCHOOL DISTRICT  
STARK COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	N/A	10.555		\$65,528		\$65,528
Cash Assistance:						
National School Lunch Program	2012	10.555	\$299,081		\$299,081	
<b>Total U.S. Department of Agriculture</b>			<b>299,081</b>	<b>65,528</b>	<b>299,081</b>	<b>65,528</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I, Part A Cluster:						
Title I, Grants to Local Educational Agencies	2011	84.010	31,197		31,587	
Title I, Grants to Local Educational Agencies	2012	84.010	293,461		291,798	
ARRA - Title I, Grants to Local Educational Agencies	2011	84.389	6,871		9,075	
Total Title I, Part A Cluster			331,529		332,460	
Special Education Cluster:						
Special Education-Grants to States	2011	84.027			16,332	
Special Education-Grants to States	2012	84.027	655,724		650,242	
ARRA - Special Education-Grants to States	2011	84.391	8,429		20,777	
Total Special Education Cluster			664,153		687,351	
Education Technology State Grants						
	2011	84.318	1,464		2,040	
English Language Acquisition Grants						
	2011	84.365	2,157		2,157	
	2012	84.365	1,362		1,362	
Total English Language Acquisition Grants			3,519		3,519	
Improving Teacher Quality State Grants						
	2011	84.367	3,272		7,834	
	2012	84.367	63,458		73,713	
Total Improving Teacher Quality State Grants			66,730		81,547	
ARRA - State Fiscal Stabilization Fund-Education State Fund						
	2011	84.394	-		180,766	
ARRA - Race to the Top						
	2011	84.395	17,819		22,079	
	2012	84.395	5,543		26,483	
Total ARRA - Race to the Top			23,362		48,562	
ARRA - Ohio Resident Educator Program						
	2012	84.395	1,400		1,400	
Education Jobs Fund						
	2011	84.410	58,372		62,988	
	2012	84.410	458,526		458,526	
Total Education Jobs Fund			516,898		521,514	
<i>Passed Through Plain Local School District:</i>						
Career and Technical Education-Basic Grants to States	2012	84.048	33,237		33,058	
<b>Total U.S. Department of Education</b>			<b>1,642,292</b>		<b>1,892,217</b>	
<b>Totals</b>			<b>\$1,941,373</b>	<b>\$65,528</b>	<b>\$2,191,298</b>	<b>\$65,528</b>

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, 2012**

**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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2012. 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 December 21, 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.

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

**Dave Yost**  
Auditor of State

December 21, 2012



# Dave Yost • Auditor of State

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

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, 2012. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

Our compliance audit followed 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*. These 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, 2012.

### 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 would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted matters involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 21, 2012.

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

December 21, 2012

**LAKE LOCAL SCHOOL DISTRICT  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Special Education Cluster CFDA #84.027 & 84.391, ARRA-State Fiscal Stabilization Fund CFDA # 84.394, Education Jobs Fund CFDA #84.410
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

LAKE LOCAL SCHOOL DISTRICT  
STARK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2011-01	<b>2 C.F.R. Part 225, Appendix B (8)(h)</b> – the District did not maintain personnel activity reports or equivalent documentation to support federal time and effort documentation requirements.	Yes	Finding no longer valid.



# Dave Yost • Auditor of State

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  
JANUARY 10, 2013