



Dave Yost • Auditor of State

**LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lakeview Local School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lakeview Local School District, Trumbull County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Federal Award Receipts and Expenditures Schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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
Columbus, Ohio

January 27, 2014

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Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

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

Financial Highlights

- The School District's total net position increased due mainly to an increase in cash and cash equivalents resulting from additional property tax revenues.
- Capital asset additions included the purchase of three used school buses, an exterior door, a new score board for the football field and a lawn mower.
- The general fund had an increase in fund balance. On March 6, 2012, voters renewed a 2.15 emergency levy generating \$613,731 per year. Collections on the renewal of this levy commenced on January 1, 2013. Then on May 7, 2013, the voters passed a 3.3 mill, 5 year emergency operating levy generating \$890,000 per year. Collections will commence January 1, 2014.
- Outstanding long-term obligations decreased during fiscal year 2013 due to annual debt payments.

Using This Annual Report

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

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

Statement of Net Position and the Statement of Activities

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

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

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

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

Analysis of the School District as a whole begins on page 7. While this document contains all of the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions. One of the most important issues when analyzing any business enterprise is “How did we do financially during 2013 and are we better off today than we were one year ago?” The two School District-wide documents try to provide and support the answer to these particular questions. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting method used by most private-sector companies. The most important aspect of accrual accounting is that it takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid out.

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

Analysis of the School District’s major funds begins on page 10. The fund financial statements begin on page 15 and provide detailed information about each significant fund in contrast to the previously described School District-wide reporting. Most of the funds are required to be established by State law.

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

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The School District as a Whole

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

Table 1 provides a summary of net position as of June 30, 2013 as compared to June 30, 2012.

(Table 1)
Net Position
Governmental Activities

	2013	2012	Change
Assets			
Current and Other Assets	\$12,507,665	\$11,456,438	\$1,051,227
Capital Assets	5,444,567	5,677,976	(233,409)
<i>Total Assets</i>	<u>17,952,232</u>	<u>17,134,414</u>	<u>817,818</u>
Liabilities			
Current Liabilities	1,829,109	1,867,476	38,367
Long-Term Liabilities			
Due within One Year	920,100	843,251	(76,849)
Due in More than One Year	3,239,346	4,075,349	836,003
<i>Total Liabilities</i>	<u>5,988,555</u>	<u>6,786,076</u>	<u>797,521</u>
Deferred Inflows of Resources	<u>7,974,566</u>	<u>8,074,128</u>	<u>99,562</u>
Net Position			
Net Investment in Capital Assets	3,219,064	3,182,775	36,289
Restricted for:			
Capital Projects	95,262	21,796	73,466
Debt Service	354,791	140,092	214,699
Other Purposes	238,263	107,387	130,876
Unrestricted (Deficit)	81,731	(1,177,840)	1,259,571
<i>Total Net Position</i>	<u>\$3,989,111</u>	<u>\$2,274,210</u>	<u>\$1,714,901</u>

Current assets increased due mainly to increases in cash and intergovernmental receivables. The School District's property taxes continue to be a major source of assets resulting from the renewal of the 2.15 mill emergency levy. Seeking out additional sources of funding in the form of State and Federal grants is also a priority of the School District. Net capital assets decreased due to annual depreciation which was partially offset by current year additions to buildings and improvements, furniture and fixtures and vehicles.

Total liabilities decreased during fiscal year 2013 due mainly to decreases in long-term obligations resulting from annual debt payments.

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 2 shows the changes in net position for fiscal year 2013 compared to 2012.

(Table 2)
Change in Net Position
Governmental Activities

	2013	2012	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services and Sales	\$1,220,238	\$1,213,576	\$6,662
Operating Grants and Contributions	1,099,413	936,908	162,505
Capital Grants	48,834	49,446	(612)
<i>Total Program Revenues</i>	2,368,485	2,199,930	168,555
<i>General Revenues</i>			
Property Taxes	8,861,973	7,869,996	991,977
Grants and Entitlements not Restricted	7,916,824	7,971,310	(54,486)
Investment Earnings	6,913	7,983	(1,070)
Miscellaneous	11,088	5,221	5,867
<i>Total General Revenues</i>	16,796,798	15,854,510	942,288
<i>Total Revenues</i>	19,165,283	18,054,440	1,110,843
Program Expenses			
Current:			
Instruction:			
Regular	8,074,174	7,329,018	(745,156)
Special	2,068,109	2,897,998	829,889
Support Services:			
Pupils	1,025,554	911,780	(113,774)
Instructional Staff	879,103	877,071	(2,032)
Board of Education	26,964	18,605	(8,359)
Administration	1,412,890	1,250,389	(162,501)
Fiscal	466,170	463,374	(2,796)
Operation and Maintenance of Plant	1,531,508	1,594,153	62,645
Pupil Transportation	943,410	913,741	(29,669)
Central	20,130	0	(20,130)
Operation of Non-Instructional Services	9,925	3,842	(6,083)
Operation of Food Services	539,387	599,587	60,200
Extracurricular Activities	445,549	484,067	38,518
Interest and Fiscal Charges	7,509	543,297	535,788
<i>Total Program Expenses</i>	17,450,382	17,886,922	436,540
<i>Change in Net Position</i>	1,714,901	167,518	1,547,383
Net Position Beginning of Year	2,274,210	2,106,692	167,518
<i>Net Position End of Year</i>	\$3,989,111	\$2,274,210	\$1,714,901

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

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

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

The School District saw increases in operational grants and property tax revenue. The School District continues to seek out additional sources of revenue to ensure the programs that are essential to the community are continued. The increase in property taxes is from an increase in overall delinquencies outstanding. Overall instructional expenses were decreased as the School District continues to monitor staffing levels to ensure a positive net position.

Analysis of Overall Financial Positions and Results of Operations

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

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

	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$10,142,283	\$9,011,708	\$10,227,016	\$9,248,839
Support Services:				
Pupils and Instructional Staff	1,904,657	1,647,287	1,788,851	1,580,416
Board of Education, Administration, Fiscal Services and Central	1,926,154	1,833,101	1,732,368	1,650,151
Operation and Maintenance of Plant	1,531,508	1,407,800	1,594,153	1,473,394
Pupil Transportation	943,410	899,026	913,741	869,827
Food Service Operations and Operation of Non-Instructional Services	549,312	(18,385)	603,429	(16,696)
Extracurricular Activities	445,549	293,851	484,067	337,764
Interest and Fiscal Charges	7,509	7,509	543,297	543,297
<i>Total Expenses</i>	<u>\$17,450,382</u>	<u>\$15,081,897</u>	<u>\$17,886,922</u>	<u>\$15,686,992</u>

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

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The School District's Funds

Information about the School District's major fund, the general fund, starts on page 15. This fund is accounted for using the modified accrual basis of accounting. The general fund balance increased due to an increase property tax revenues. The School District also saw an increase in tuition and fees resulting from charges incurred for providing instruction.

General Fund Budgetary Highlights

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

The forecasted budget presented to the Lakeview Local Board of Education in September was amended several times throughout the year. For the general fund, final budgeted revenues were slightly lower than original budgeted revenues. The change was attributed to a decrease in intergovernmental revenues. The final estimated revenue matched actual revenues.

Final budgeted appropriations were higher than the original budgeted appropriations of the general fund. The change resulted mainly from increases in regular instruction and administrative expenditures due to underestimated costs for salaries and benefits. Actual expenditures were slightly under final budgeted appropriations.

Capital Assets

Table 4 shows the ending balances of capital assets in various categories as of June 30, 2013, compared to the balances as of June 30, 2012.

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

	2013	2012
Land	\$513,900	\$513,900
Land Improvements	135,952	199,871
Buildings and Improvements	4,528,022	4,715,766
Furniture, Equipment and Fixtures	79,853	63,610
Vehicles	186,840	184,829
Total	\$5,444,567	\$5,677,976

The decrease in capital assets was due to an additional year of depreciation offset by additions to buildings and improvements, furniture and fixtures and vehicles. For more information about the School District's capital assets, see Note 12 to the basic financial statements.

Lakeview Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Debt

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

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

	2013	2012
1998 - School Improvement Refunding Bonds	\$2,475,000	\$3,005,943
Energy Conservation Note	0	31,443
Capital Leases	225,000	315,000
Total	\$2,700,000	\$3,352,386

The 1998 school improvement refunding bonds mature in fiscal year 2020. The energy conservation note matured in fiscal year 2013. The capital leases will be fully paid off in fiscal year 2015. See Note 14 to the basic financial statements for additional information on the School District's long-term obligations.

Current Issues

As funding models continue to change at the State level, it will be important for the School District to continue to seek out additional sources of revenue in the form of State and Federal grants.

The voters, on May 7, 2013, passed a 3.3 mill, 5 year emergency operating levy generating \$890,000 per year. This will ensure the education programs that are important to the community will continue.

Contacting the School District's Financial Management

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

Lakeview Local School District

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,727,446
Cash and Cash Equivalents	
With Fiscal Agents	422
Accounts Receivable	1,969
Intergovernmental Receivable	196,199
Inventory Held for Resale	17,681
Materials and Supplies Inventory	118,521
Taxes Receivable	9,445,427
Nondepreciable Capital Assets	513,900
Depreciable Capital Assets, Net	<u>4,930,667</u>
 <i>Total Assets</i>	 <u>17,952,232</u>
Liabilities	
Accounts Payable	29,339
Contracts Payable	11,725
Accrued Wages Payable	1,281,587
Intergovernmental Payable	331,351
Matured Interest Payable	422
Accrued Interest Payable	86,185
Matured Special Termination Benefits Payable	88,500
Long-Term Liabilities:	
Due Within One Year	920,100
Due In More Than One Year	<u>3,239,346</u>
 <i>Total Liabilities</i>	 <u>5,988,555</u>
Deferred Inflows of Resources	
Property Taxes	<u>7,974,566</u>
Net Position	
Net Investment in Capital Assets	3,219,064
Restricted for:	
Capital Projects	95,262
Debt Service	354,791
Other Purposes	238,263
Unrestricted	<u>81,731</u>
 <i>Total Net Position</i>	 <u>\$3,989,111</u>

See accompanying notes to the basic financial statements

Lakeview Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions		
Governmental Activities:					
Instruction:					
Regular	\$8,074,174	\$378,966	\$76,527	\$0	(\$7,618,681)
Special	2,068,109	77,775	597,307	0	(1,393,027)
Support Services:					
Pupils	1,025,554	46,620	70,640	0	(908,294)
Instructional Staff	879,103	37,394	102,716	0	(738,993)
Board of Education	26,964	1,324	0	0	(25,640)
Administration	1,412,890	69,364	0	0	(1,343,526)
Fiscal	466,170	22,365	0	0	(443,805)
Operation and Maintenance of Plant	1,531,508	74,874	0	48,834	(1,407,800)
Pupil Transportation	943,410	44,384	0	0	(899,026)
Central	20,130	0	0	0	(20,130)
Operation of Non-Instructional Services	9,925	0	4,930	0	(4,995)
Operation of Food Services	539,387	315,474	247,293	0	23,380
Extracurricular Activities	445,549	151,698	0	0	(293,851)
Interest and Fiscal Charges	7,509	0	0	0	(7,509)
Totals	<u>\$17,450,382</u>	<u>\$1,220,238</u>	<u>\$1,099,413</u>	<u>\$48,834</u>	<u>(15,081,897)</u>
General Revenues					
Property Taxes Levied for:					
					7,970,991
					642,509
					248,473
Grants and Entitlements not Restricted					
					7,916,824
					6,913
					11,088
					<u>16,796,798</u>
					1,714,901
					<u>2,274,210</u>
					<u>\$3,989,111</u>

See accompanying notes to the basic financial statements

Lakeview Local School District

Balance Sheet

Governmental Funds

June 30, 2013

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$2,106,446	\$621,000	\$2,727,446
Cash and Cash Equivalents with			
Fiscal Agents	0	422	422
Taxes Receivable	8,455,212	990,215	9,445,427
Accounts Receivable	1,969	0	1,969
Intergovernmental Receivable	58,538	137,661	196,199
Interfund Receivable	6,390	11,757	18,147
Inventory Held for Resale	0	17,681	17,681
Materials and Supplies Inventory	116,363	2,158	118,521
<i>Total Assets</i>	<u>\$10,744,918</u>	<u>\$1,780,894</u>	<u>\$12,525,812</u>
Liabilities			
Accounts Payable	\$20,588	\$8,751	\$29,339
Contracts Payable	1,250	10,475	11,725
Matured Interest Payable	0	422	422
Accrued Wages Payable	1,186,601	94,986	1,281,587
Interfund Payable	0	18,147	18,147
Intergovernmental Payable	310,097	21,254	331,351
Matured Special Termination Benefits Payable	85,500	3,000	88,500
<i>Total Liabilities</i>	<u>1,604,036</u>	<u>157,035</u>	<u>1,761,071</u>
Deferred Inflows of Resources			
Property Taxes	7,120,936	853,630	7,974,566
Unavailable Revenue	976,717	196,879	1,173,596
<i>Total Deferred Inflows of Resources</i>	<u>8,097,653</u>	<u>1,050,509</u>	<u>9,148,162</u>
Fund Balances			
Nonspendable	116,363	2,158	118,521
Restricted	0	596,094	596,094
Committed	165,758	0	165,758
Assigned	45,176	0	45,176
Unassigned (Deficit)	715,932	(24,902)	691,030
<i>Total Fund Balances</i>	<u>1,043,229</u>	<u>573,350</u>	<u>1,616,579</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$10,744,918</u>	<u>\$1,780,894</u>	<u>\$12,525,812</u>

See accompanying notes to the basic financial statements

Lakeview Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013

Total Governmental Fund Balances	\$1,616,579
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Amounts reported for governmental activities in the statement of net position are different because

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,444,567
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.

Delinquent Property Taxes	1,085,783
Intergovernmental	87,813

Total	1,173,596
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(86,185)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds	(2,475,000)
Capital Leases	(225,000)
Compensated Absences	(1,459,446)

Total	(4,159,446)
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<i>Net Position of Governmental Activities</i>	<u><u>\$3,989,111</u></u>
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See accompanying notes to the basic financial statements

Lakeview Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$7,633,418	\$852,774	\$8,486,192
Intergovernmental	7,814,680	1,141,544	8,956,224
Interest	6,658	255	6,913
Tuition and Fees	712,256	0	712,256
Extracurricular Activities	42,946	137,327	180,273
Contributions and Donations	17,056	3,978	21,034
Charges for Services	0	314,486	314,486
Rentals	13,223	0	13,223
Miscellaneous	11,088	0	11,088
<i>Total Revenues</i>	<u>16,251,325</u>	<u>2,450,364</u>	<u>18,701,689</u>
Expenditures			
Current:			
Instruction:			
Regular	7,843,689	378,248	8,221,937
Special	1,603,110	170,514	1,773,624
Support Services:			
Pupils	942,883	75,400	1,018,283
Instructional Staff	765,093	117,570	882,663
Board of Education	26,964	0	26,964
Administration	1,392,688	0	1,392,688
Fiscal	457,183	10,697	467,880
Operation and Maintenance of Plant	1,506,936	0	1,506,936
Pupil Transportation	903,471	600	904,071
Central	20,130	0	20,130
Operation of Non-Instructional Services	8,685	1,240	9,925
Operation of Food Services	0	538,728	538,728
Extracurricular Activities	292,750	135,209	427,959
Capital Outlay	0	124,444	124,444
Debt Service:			
Principal Retirement	31,443	238,255	269,698
Interest and Fiscal Charges	1,553	89,252	90,805
Capital Appreciation Bond Accretion	0	441,745	441,745
<i>Total Expenditures</i>	<u>15,796,578</u>	<u>2,321,902</u>	<u>18,118,480</u>
<i>Excess of Revenues Over Expenditures</i>	<u>454,747</u>	<u>128,462</u>	<u>583,209</u>
Other Financing Sources (Uses)			
Transfers In	0	216	216
Transfers Out	(216)	0	(216)
<i>Total Other Financing Sources (Uses)</i>	<u>(216)</u>	<u>216</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	454,531	128,678	583,209
<i>Fund Balances Beginning of Year</i>	<u>588,698</u>	<u>444,672</u>	<u>1,033,370</u>
<i>Fund Balances End of Year</i>	<u>\$1,043,229</u>	<u>\$573,350</u>	<u>\$1,616,579</u>

See accompanying notes to the basic financial statements

Lakeview Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2013*

Net Change in Fund Balances - Total Governmental Funds \$583,209

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

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

Capital Asset Additions	72,272	
Current Year Depreciation	<u>(305,681)</u>	
 Total		 (233,409)

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

Delinquent Property Taxes	375,781	
Intergovernmental	<u>87,813</u>	
 Total		 463,594

Repayment of long-term obligations are expenditures in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 711,443

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

Accrued Interest	142,353	
Accretion	<u>(59,057)</u>	
 Total		 83,296

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 106,768

Change in Net Position of Governmental Activities \$1,714,901

See accompanying notes to the basic financial statements

Lakeview Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$7,275,859	\$7,275,859	\$7,275,859	\$0
Intergovernmental	7,994,192	7,756,142	7,756,142	0
Interest	6,658	6,658	6,658	0
Tuition and Fees	698,586	698,586	698,586	0
Extracurricular Activities	44,600	44,600	44,600	0
Contributions and Donations	12,126	12,126	12,126	0
Rentals	11,254	11,254	11,254	0
Miscellaneous	6,419	6,419	6,419	0
<i>Total Revenues</i>	16,049,694	15,811,644	15,811,644	0
Expenditures				
Current:				
Instruction:				
Regular	5,784,769	7,824,223	7,795,520	28,703
Special	2,473,150	1,618,922	1,606,682	12,240
Support Services:				
Pupils	749,851	900,532	898,207	2,325
Instructional Staff	1,135,756	773,089	768,641	4,448
Board of Education	88,635	27,079	26,964	115
Administration	1,080,735	1,398,177	1,390,413	7,764
Fiscal	435,270	442,403	438,343	4,060
Operation and Maintenance of Plant	1,548,280	1,538,542	1,524,095	14,447
Pupil Transportation	904,066	1,067,066	1,061,997	5,069
Central	0	22,830	20,130	2,700
Extracurricular Activities	303,000	326,800	325,129	1,671
Debt Service:				
Principal Retirement	30,000	31,443	31,443	0
Interest and Fiscal Charges	3,000	1,553	1,553	0
<i>Total Expenditures</i>	14,536,512	15,972,659	15,889,117	83,542
<i>Excess of Revenues Over (Under) Expenditures</i>	1,513,182	(161,015)	(77,473)	83,542
Other Financing Uses				
Transfers Out	0	(216)	(216)	0
<i>Net Change in Fund Balance</i>	1,513,182	(161,231)	(77,689)	83,542
<i>Fund Balance Beginning of Year</i>	1,817,108	1,817,108	1,817,108	0
Prior Year Encumbrances Appropriated	34,655	34,655	34,655	0
<i>Fund Balance End of Year</i>	\$3,364,945	\$1,690,532	\$1,774,074	\$83,542

See accompanying notes to the basic financial statements

Lakeview Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$20,398	\$55,369
Liabilities		
Due to Students	0	\$55,369
Net Position		
Held in Trust for Scholarships	\$20,398	

See accompanying notes to the basic financial statements

Lakeview Local School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2013

	<u>Scholarship</u>
Additions	
Interest	\$45
Deductions	<u>0</u>
<i>Change in Net Position</i>	45
<i>Net Position Beginning of Year</i>	<u>20,353</u>
<i>Net Position End of Year</i>	<u>\$20,398</u>

See accompanying notes to the basic financial statements

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 1 - Description of the School District and Reporting Entity

Lakeview Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's four instructional/support facilities staffed by 83 classified employees, 120 certificated full and part-time employees, and 8 administrators who provide services to 1,881 students and other community members.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

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

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District’s accounting policies are described below.

Basis of Presentation

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

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Government-wide Financial Statements The statement of net position 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. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District however, has no business-type activities.

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

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

Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are two categories of funds: governmental 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 and deferred inflows of resources is reported as fund balance. The following is the School District's major governmental fund:

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

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

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

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Measurement Focus

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

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 deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (e.g., revenues and other financing sources) and uses (e.g., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 10). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

Cash and Cash Equivalents

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

During fiscal year 2013, investments were limited to nonnegotiable certificates of deposit which are reported at cost.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$6,658, which includes \$1,464 assigned from other School District funds.

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

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Inventory

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

Capital Assets

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

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

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

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

Compensated Absences

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

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

Accrued Liabilities and Long-term Obligations

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

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Internal Activity

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

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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.

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. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education, delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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.

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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services, and extracurricular activities.

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

Estimates

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

Budgetary Data

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

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

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Note 3 – Change in Accounting Principles

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements, Statement No. 61, “The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34, Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”, Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” , Statement No. 65, “Items Previously Reported as Assets and Liabilities” and Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units’ presentation and certain disclosure requirements. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District’s financial statements.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 4 – Fund Balances

Fund balance is 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 the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Other Governmental Funds	Total
<i>Nonspendable</i>			
Materials and Supplies Inventory	\$116,363	\$2,158	\$118,521
<i>Restricted for</i>			
Athletics and Music	0	20,344	20,344
College Scholarships	0	19,873	19,873
Regular Education	0	29,854	29,854
Food Service	0	98,851	98,851
Debt Service Payments	0	363,439	363,439
Capital Improvements	0	63,733	63,733
<i>Total Restricted</i>	0	596,094	596,094
<i>Committed to</i>			
Consultant Fees	11,244	0	11,244
Purchases of Vehicles	154,514	0	154,514
<i>Total Committed</i>	165,758	0	165,758
<i>Assigned to</i>			
Purchases on Order	45,176	0	45,176
<i>Unassigned (Deficit)</i>			
	715,932	(24,902)	691,030
<i>Total Fund Balances</i>	\$1,043,229	\$573,350	\$1,616,579

Note 5 - Budgetary Basis of Accounting

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

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

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed or assigned fund balance.
4. Budgetary revenues and expenditures of the uniform school supplies and public school support funds are classified to the general fund for GAAP reporting.

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

Net Change in Fund Balance	
GAAP Basis	\$454,531
Net Adjustment for Revenue Accruals	(416,412)
Net Adjustment for Expenditure Accruals	107,794
Perspective Differences:	
Uniform School Supplies	(5,660)
Public School Support	2,103
Encumbrances	(220,045)
Budget Basis	<u><u>(\$77,689)</u></u>

Note 6 – Accountability

At June 30, 2013, the Part B IDEA special revenue fund had a deficit balance of \$24,902. The deficit balance resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur.

Note 7 - Deposits and Investments

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

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

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

Lakeview Local School District
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For the Fiscal Year Ended June 30, 2013

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper and bankers acceptances if trading requirements have been met.

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

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$2,428,926 of the School District's bank balance of \$2,850,192 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Note 8 - Interfund Transfers and Balances

Interfund Transfers

The general fund made a transfer of \$216 to the scholarship special revenue fund to help provide funding for fiscal year 2013.

Interfund Balances

At June 30, 2013, the Part B IDEA special revenue fund had an interfund payable to the general fund and the Title I special revenue fund for \$6,390 and \$11,757, respectively.

The interfund payable due to the general fund was the result of deficit cash due to expenditures exceeding revenues in fiscal year 2013.

The interfund payable due to the Title I special revenue fund was the result of grant monies being placed into the wrong fund that has been corrected in fiscal year 2014.

All interfund balances are expected to be repaid within one year.

Note 9 – Receivables

Receivables at June 30, 2013, consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Title I	\$94,461
Workers' Compensation Refund	58,538
Part B IDEA	38,352
Title II-A	<u>4,848</u>
<i>Total Governmental Activities</i>	<u><u>\$196,199</u></u>

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 10 - Property Taxes

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 become a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 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.

The School District receives property taxes from Trumbull County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 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, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations are 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 inflows of resources.

The amount available as an advance at June 30, 2013 was \$357,559 in the general fund, \$26,791 in the bond retirement fund and \$728 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2012, was \$32,335 in the general fund, \$2,566 in the bond retirement fund and \$1,043 in the permanent improvement fund.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Residential/Agricultural and Other Real Estate	\$258,562,950	97.49 %	\$256,017,820	97.26 %
Public Utility Personal	6,664,850	2.51	7,210,360	2.74
Total	\$265,227,800	100.00 %	\$263,228,180	100.00 %
Tax rate per \$1,000 of assessed valuation	\$47.65		\$48.00	

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the School District. The County Auditor periodically remits to the School District its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of June 30, 2013, and for which there is an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance fiscal year 2013 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Note 11 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2013.

Litigation

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

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 12 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Nondepreciable Capital Assets				
Land	\$513,900	\$0	\$0	\$513,900
Depreciable Capital Assets				
Land Improvements	1,448,569	0	0	1,448,569
Buildings and Improvements	10,752,384	7,700	0	10,760,084
Furniture and Fixtures	556,638	29,292	0	585,930
Vehicles	1,309,195	35,280	(88,466)	1,256,009
<i>Total at Historical Cost</i>	<u>14,066,786</u>	<u>72,272</u>	<u>(88,466)</u>	<u>14,050,592</u>
Less: Accumulated Depreciation				
Land Improvements	(1,248,698)	(63,919)	0	(1,312,617)
Buildings and Improvements	(6,036,618)	(195,444)	0	(6,232,062)
Furniture and Fixtures	(493,028)	(13,049)	0	(506,077)
Vehicles	(1,124,366)	(33,269)	88,466	(1,069,169)
<i>Total Accumulated Depreciation</i>	<u>(8,902,710)</u>	<u>(305,681) *</u>	<u>88,466</u>	<u>(9,119,925)</u>
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	<u>5,164,076</u>	<u>(233,409)</u>	<u>0</u>	<u>4,930,667</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$5,677,976</u>	<u>(\$233,409)</u>	<u>\$0</u>	<u>\$5,444,567</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$237,398
Support Services	
Pupils	265
Administration	292
Operation and Maintenance of Plant	6,707
Pupil Transportation	38,927
Food Service Operations	4,502
Extracurricular Activities	17,590
Total Depreciation Expense	<u>\$305,681</u>

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 13 – Capital Lease

In prior years, the School District entered into a capitalized lease for a construction and reroofing project and school buses. These leases meet the criteria for capital leases. Capital assets acquired by lease have been capitalized in the amount of \$1,045,000. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2013 was \$297,388 leaving a current book value of \$747,612.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2013.

Year	Amounts
2014	\$121,949
2015	120,294
Total Minimum Lease Payments	242,243
Less: Amount Representing Interest	(17,243)
Present Value of Minimum Lease Payments	\$225,000

Note 14 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2013 were as follows:

	Principal Outstanding June 30, 2012	Additions	Deductions	Principal Outstanding June 30, 2013	Amount Due in One Year
Governmental Activities					
General Obligation Bonds					
1998 School Improvement Bonds					
Capital Appreciation Bonds 4.80% to 5.10%	\$288,758	\$0	\$148,255	\$140,503	\$140,503
Accretion on Capital Appreciation Bonds	857,185	59,057	441,745	474,497	474,497
Current Interest Term Bonds	1,860,000	0	0	1,860,000	0
<i>Total General Obligation Bonds</i>	3,005,943	59,057	590,000	2,475,000	615,000
Energy Conservation Note 5.00%	31,443	0	31,443	0	0
Capital Leases Payable	315,000	0	90,000	225,000	110,000
Compensated Absences	1,566,214	25,040	131,808	1,459,446	195,100
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	\$4,918,600	\$84,097	\$843,251	\$4,159,446	\$920,100

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

The 1998 general obligation bonds include capital appreciation bonds. The original issue amount was \$980,070 and the final maturity of these bonds is \$3,370,000. This year the addition on these bonds was \$59,057, which represents the accretion of discounted interest in 2013 on the capital appreciation bonds.

Lakeview Local School District
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The School District has an energy conservation note that was issued in 1998 in the amount of \$345,000. The note was issued for updating the heating and air conditioning system throughout the School District. The note is backed by the full faith and credit of the School District.

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

The overall debt margin of the School District as of June 30, 2013 was \$23,690,536 with an unvoted debt margin of \$263,228. Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2013 are as follows:

	General Obligation Bonds			
	Term		Capital Appreciation	
	Principal	Interest	Principal	Accretion
2014	\$0	\$71,610	\$140,503	\$474,497
2015	645,000	59,194	0	0
2016	235,000	42,254	0	0
2017	245,000	33,014	0	0
2018	245,000	23,581	0	0
2019-2020	490,000	18,865	0	0
Total	\$1,860,000	\$248,518	\$140,503	\$474,497

Note 15 – Public Entity Pools

Insurance Purchasing Pool

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

Shared Risk Pool

Trumbull County Schools Employee Insurance Benefits Consortium The School District participates in the Trumbull County Schools Employee Insurance Consortium. This is a shared risk pool comprised of sixteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. Each member’s control over the budgeting and financing of the pool is limited to its voting authority and any representation it may have on the Board of Directors. Consortium revenues are generated from charges for services.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 16 - Jointly Governed Organizations

Trumbull Career and Technical Center The Trumbull Career and Technical Center is a distinct political subdivision of the State of Ohio providing vocational needs of the students. The Center is operated under the direction of a Board consisting of one representative from each of the nineteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating School District is limited to its representation on the Board. During fiscal year 2013, the School District did not make any contributions or payments to the Trumbull Career and Technical Center. To obtain financial information write to the Trumbull Career and Technical Center, Gary Ghizzoni, who serves as Treasurer, at 528 Educational Highway, Warren, Ohio 44483.

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among twenty-nine school districts and two educational service centers in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. Lakeview Local School District paid \$18,602 to NEOMIN during fiscal year 2013.

The Governing Board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, and a principal and treasurer (non-voting members who must be employed by a participating school district, the fiscal agent or NEOMIN). The Lakeview Local School District was not represented on the Governing Board during fiscal year 2013. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio 44481.

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

NEO/SERRC is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2013, the School District did not make any contributions or payments to NEO/SERRC. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 105, Youngstown, Ohio 44512.

Region 5 Professional Development Center The Region 5 Professional Development Center (Center) is a jointly governed organization among the school districts located in Trumbull, Mahoning, and Columbiana Counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The Center is governed by a board made up of nineteen representatives of the participating school districts, the business community, and Youngstown State University. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2013, the School District did not make any contributions or payments to the Center. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 Debartlo Place, Suite 105, Youngstown, OH 44512.

Note 17 – Defined Benefit Pension Plans

School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS’ website at 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 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board acting with the advices of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended June 30, 2013, the allocation to pension and death benefits is 13.10 percent. The remaining .90 percent of the 14 percent employer contributions rate is allocated to the Health Care and Medicare B funds. The School District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$253,666, \$259,089 and \$269,088 respectively. For fiscal year 2013, 80.02 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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 system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on 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

Lakeview Local School District
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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 Ohio Revised Code Chapter 3307.

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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2013, 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.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the combined plan were \$967,216 and \$19,774 for the fiscal year ended June 30, 2013, \$966,259 and \$22,766 for the fiscal year ended June 30, 2012, and \$1,003,433 and \$22,443 for the fiscal year ended June 30, 2011. For fiscal year 2013, 86.56 percent has been contributed for the DB plan and the Combined Plan, respectively, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2013 were \$3,623 made by the School District and \$2,588 made by the plan members. In addition, member contributions of \$14,124 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2013, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 18 - Postemployment Benefits

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 and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit

Lakeview Local School District
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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 can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$30,206 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$3,196, \$11,220 and \$62,393 respectively. For fiscal year 2013, 80.02 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011 were \$14,781, \$15,301 and \$17,316 respectively. For fiscal year 2013, 80.02 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 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, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$70,902, \$69,415 and \$70,278 respectively. For 2013, 86.56 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2012 and 2011.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 19 - Other Employee Benefits

Compensated Absences

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

Life Insurance Benefits

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

Retirement Incentives

Per the negotiated agreement, eligible employees are entitled to receive an early retirement incentive bonus based on their years of service. In order to receive this bonus, employees must have at least 30 years' experience with the STRS/SERS and must resign by April 1 of 2013 or 2014 with an effective retirement date not later than the last day of the current school year. The bonus is limited to 20 percent of the bargaining unit employee's contract. The Retirement Incentive Bonus will be paid to the employee (30) days after the Treasurer receives a copy of the employee's first STRS/SERS check. Severance pay and retirement bonus will be placed in the mutually agreed upon 403(b).

Note 20 - Risk Management

Employee Health Benefits

The School District has contracted with the Trumbull County Schools Employee Insurance Benefits Consortium to provide employee medical/surgical, dental, and prescription drug benefits. The Trumbull County Schools Employee Insurance Benefits Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through an annual calculation process. The Lakeview Local School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical/prescription drug premiums of \$1,382.05 for family coverage and \$531.36 for single coverage per employee per month. Premiums for dental coverage are \$75.69 monthly for family coverage and \$24.09 monthly for single coverage. The plan utilizes a \$10.00 prescription deductible. If the School District were to withdraw from the consortium, there would be no liability because premium levels fund a reserve for subsequent claim payments.

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

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Worker's Compensation

For fiscal year 2013, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

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

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 2013, the School District contracted for the following insurance coverage:

Coverage	Amount
Coverage provided by Ohio School Plan	
Building and Contents - replacement cost (\$2,500 deductible)	\$49,103,895
Boiler and Machinery (\$10,000 deductible)	No limit
Automobile Liability (\$1,000 deductible on comprehensive) (\$1,000 deductible on Bus Collision) (\$500 deductible on Other Collision)	3,000,000
Auto Medical Payments - Per occurrence	5,000
Coverage provided by Ohio School Plan	
General Liability	
Per occurrence (\$0 deductible)	3,000,000
Total per year	5,000,000

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

Note 21 - Set Asides

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

The following cash basis information describes the change in the fiscal year end set aside amount for capital acquisition. Disclosure of this information is required by State statute.

Lakeview Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

	<u>Capital Improvements</u>
Set-Aside Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	314,825
Current Year Offsets	(286,492)
Qualifying Disbursements	<u>(59,782)</u>
Total	<u><u>(\$31,449)</u></u>
Set-aside Balance Carried	
Forward to Future Fiscal Years	<u>\$0</u>
Set-aside Balance as of June 30, 2013	<u><u>\$0</u></u>

While the qualifying disbursements during the fiscal year reduced the capital improvement set-aside amount to below zero, this amount may not be used to reduce the set-aside requirements of future fiscal years.

Note 22 -Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$220,045
Other Governmental Funds	<u>37,506</u>
Total Governmental	<u><u>\$257,551</u></u>

LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non Cash Assistance (Food Distribution)				
National School Lunch Program	2013	10.555	\$ 45,677	\$ 45,677
Cash Assistance:				
National School Breakfast Program	2013	10.553	\$ 28,097	\$ 28,097
National School Lunch Program	2013	10.555	198,738	198,738
<i>Total Nutrition Cluster</i>			<u>226,835</u>	<u>226,835</u>
Total U.S. Department of Agriculture			<u>272,512</u>	<u>272,512</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	2012	84.010	12,339	19,065
Title I Grants to Local Educational Agencies	2013	84.010	328,266	307,812
<i>Total Title I Grants to Local Educational Agencies</i>			<u>340,605</u>	<u>326,877</u>
Special Education Cluster (IDEA)				
Special Education Grants to States	2012	84.027	38,733	43,081
Special Education Grants to States	2013	84.027	322,526	317,159
<i>Total Special Education Grants to States</i>			<u>361,259</u>	<u>360,240</u>
Improving Teacher Quality State Grants Title II, Part A	2013	84.367	<u>53,125</u>	<u>52,387</u>
Education Jobs Fund	2013	84.410	<u>0</u>	<u>13,588</u>
Race to the Top	2013	84.395	<u>2,450</u>	<u>2,450</u>
Total U.S. Department of Education			<u>757,439</u>	<u>755,542</u>
Total Federal Financial Assistance			<u>\$1,029,951</u>	<u>\$1,028,055</u>

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

**LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lakeview Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 27, 2014, wherein we noted the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

January 27, 2014



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Lakeview Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Lakeview Local School District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Lakeview Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

January 27, 2014

**LAKEVIEW LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on October 29, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act";.

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

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

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

Dave Yost
Auditor of State

January 27, 2014

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LAKEVIEW LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 25, 2014**