



Dave Yost • Auditor of State



**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY  
TABLE OF CONTENTS**

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements – June 30, 2011:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis - June 30, 2011 .....	11
Statement of Activities – Cash Basis For the Fiscal Year Ended June 30, 2011 .....	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances Governmental Funds - June 30, 2011 .....	13
Statement of Cash Receipts, Cash Disbursements, and Changes In Cash Basis Fund Balances - Governmental Funds For the Fiscal Year Ended June 30, 2011 .....	14
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual (Budget Basis) General Fund For the Fiscal Year Ended June 30, 2011 .....	15
Statement of Fiduciary Net Assets - Cash Basis - Fiduciary Funds June 30, 2011 .....	16
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund For the Fiscal Year Ended June 30, 2011 .....	17
Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011 .....	19
Schedule of Federal Awards Receipts and Expenditures.....	41
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	42
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i> .....	43
Independent Accountants' Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....	45
Schedule of Findings.....	47
Independent Accountants' Report on Applying Agreed-Upon Procedure .....	49

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lincolnview Local School District, Van Wert County, as of June 30, 2011, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended June 30, 2011, the School District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and long-term debt. The federal awards expenditure schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



**Dave Yost**  
Auditor of State

December 1, 2011

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

The management's discussion and analysis of the Lincolnview Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- The total net assets of the District increased \$829,748 or 7.48% from fiscal year 2010.
- General receipts accounted for \$7,058,546 or 64.86% of total governmental activities receipts. Program specific receipts accounted for \$3,823,609 or 35.14% of total governmental activities receipts.
- The District had \$10,052,407 in disbursements related to governmental activities; \$3,823,609 of these disbursements was offset by program specific charges for services, grants or contributions. General receipts (primarily taxes) of \$7,058,546 were adequate to provide for these programs.
- The District's major fund is the general fund. The general fund, the District's largest major fund, had receipts and other financing sources of \$8,492,189 in 2011. The disbursements of the general fund, totaled \$7,614,683 in 2011. The general fund's balance increased \$877,506 from 2010 to 2011.

**Using the Basic Financial Statements**

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

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

**Basis of Accounting**

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

The statement of net assets and statement of activities reflect how the District did financially during fiscal year 2011, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental type activities of the District at the fiscal year end. The statement of activities compares cash disbursements with program receipts of each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of the particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

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

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

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

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

***Governmental Funds***

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

***Fiduciary Funds***

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



**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

**Notes to the Financial Statements**

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

**The District as a Whole**

The table below provides a summary of the District's net assets for 2011 and 2010.

<b>Net Assets – Cash Basis Governmental Activities</b>		
	<b>2011</b>	<b>2010</b>
<b>Assets:</b>		
Current and other assets	\$11,920,918	\$11,091,170
Total assets	11,920,918	11,091,170
<b>Net Assets:</b>		
Restricted	1,764,764	1,834,979
Unrestricted	10,156,154	9,256,191
Total net assets	\$11,920,918	\$11,091,170

The total net assets of the District increased \$829,748, which represents a 7.48% increase from fiscal year 2010.

The balance of government-wide unrestricted net assets of \$10,156,154 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for fiscal year 2011 and 2010.

<b>Change in Net Assets – Cash Basis Governmental Activities</b>		
	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
<b>Receipts:</b>		
<b>Program receipts:</b>		
Charges for services and sales	\$ 2,385,404	\$ 2,325,744
Operating grants and contributions	1,427,905	981,826
Capital grants and contributions	10,300	31,812
Total program receipts	3,823,609	3,339,382
<b>General receipts:</b>		
Property and other taxes	2,918,003	2,928,662
Payments in lieu of taxes	79,000	79,000
Grants and entitlements not restricted to specific programs	3,899,182	4,390,746
Investment earnings	81,987	176,170
Other	80,374	13,884
Total general receipts	7,058,546	7,588,462
Total receipts	10,882,155	10,927,844

(Continued)

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

**Change in Net Assets – Cash Basis  
Governmental Activities  
(Continued)**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
<b>Disbursements:</b>		
<b>Instruction:</b>		
Regular	3,529,498	3,284,868
Special	1,262,960	1,651,708
Vocational	160,718	155,625
Other	745,613	706,201
<b>Support services:</b>		
Pupil	168,673	140,008
Instructional staff	305,583	311,206
Board of education	27,716	30,750
Administration	835,663	898,355
Fiscal	293,907	280,058
Operations and maintenance	641,950	596,152
Pupil transportation	546,434	327,624
Central	14,537	15,029
<b>Operation of non instructional services:</b>		
Food service operations	315,739	315,694
Other non instructional services	14,914	15,022
Extracurricular activities	228,040	230,943
Facilities acquisition and construction	79,496	778,862
<b>Debt service:</b>		
Principal retirement	380,000	355,000
Interest and fiscal charges	500,966	513,520
Total disbursements	<u>10,052,407</u>	<u>10,606,625</u>
Change in net assets	829,748	321,219
Net assets at beginning of year	11,091,170	10,769,951
Net assets at end of year	<u>\$11,920,918</u>	<u>\$11,091,170</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

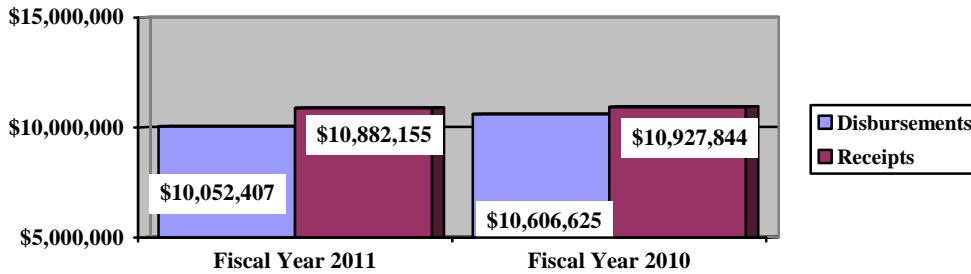
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

**Governmental Activities**

Governmental net assets increased by \$829,748 in 2011 from 2010. Total governmental disbursements of \$10,052,407 were offset by program receipts of \$3,823,609 and general receipts of \$7,058,546. Program receipts supported 38.04% of the total governmental disbursements. The completion of the Ohio School Facilities Commission (OSFC) building project in 2010 contributed to the decrease in general receipts and facilities acquisition and construction disbursements.

The primary sources of receipts for governmental activities are derived from property taxes and grants and entitlements. These receipt sources represent 62.65% of total governmental receipts. Real estate property is reappraised every six years.

**Governmental Activities - Total Receipts vs. Total Disbursements**



**Governmental Activities**

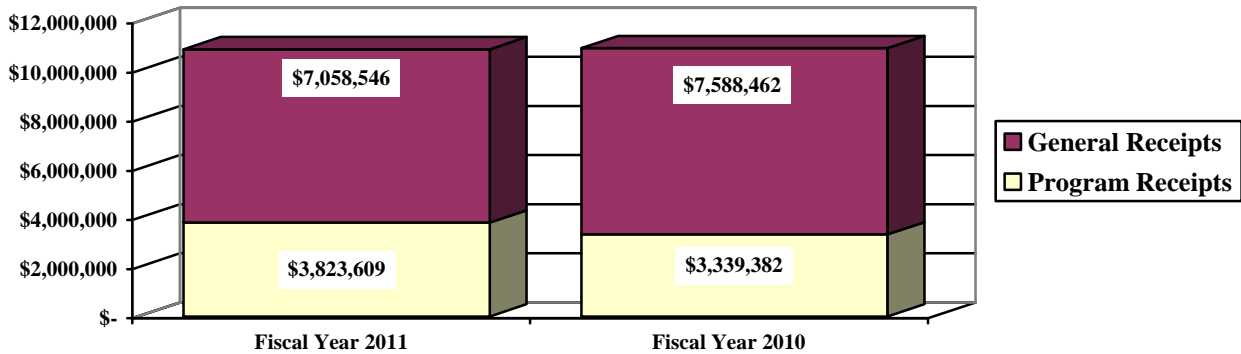
	<b>Total Cost of Services 2011</b>	<b>Net Cost of Services 2011</b>	<b>Total Cost of Services 2010</b>	<b>Net Cost of Services 2010</b>
<b>Disbursements:</b>				
<b>Instruction:</b>				
Regular	\$ 3,529,498	\$ 2,065,013	\$ 3,284,868	\$ 1,991,689
Special	1,262,960	(216,639)	1,651,708	461,105
Vocational	160,718	120,441	155,625	115,557
Other	745,613	741,581	706,201	704,897
<b>Support services:</b>				
Pupil	168,673	156,482	140,008	138,040
Instructional staff	305,583	278,916	311,206	274,596
Board of education	27,716	18,966	30,750	26,050
Administration	835,663	600,341	898,355	624,032
Fiscal	293,907	292,704	280,058	280,058
Operations and maintenance	641,950	595,589	596,152	547,391
Pupil transportation	546,434	486,517	327,624	327,624
Central	14,537	9,987	15,029	10,456
<b>Operation of non instructional services:</b>				
Food service operations	315,739	(17,848)	315,694	(15,027)
Other non instructional services	14,914	(286)	15,022	(652)
Extracurricular activities	228,040	136,572	230,943	134,045
Facilities acquisition and construction	79,496	79,496	778,862	778,862
<b>Debt service:</b>				
Principal retirement	380,000	380,000	355,000	355,000
Interest and fiscal charges	500,966	500,966	513,520	513,520
<b>Total</b>	<b><u>\$10,052,407</u></b>	<b><u>\$6,228,798</u></b>	<b><u>\$10,606,625</u></b>	<b><u>\$7,267,243</u></b>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

The dependence upon general receipts for governmental activities is apparent; with 61.96% of disbursements supported through taxes and other general receipts during 2011.

**Governmental Activities – General and Program Receipts**



**The District's Funds**

The June 30, 2010 fund balance of the general fund and other governmental funds were restated for fund reclassifications required for the implementation of GASB Statement No. 54. The District's governmental funds reported a combined fund balance of \$11,920,918, which is \$829,748 above last year's total of \$11,091,170. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and June 30, 2010, for all major and nonmajor governmental funds.

	<b>Fund Balance June 30, 2011</b>	<b>Restated Fund Balance June 30, 2010</b>	<b>Increase/ (Decrease)</b>
<b>Major Funds:</b>			
General	\$10,161,025	\$ 9,283,519	\$877,506
Other Non-major Governmental Funds	1,759,893	1,807,651	(47,758)
<b>Total</b>	<u>\$11,920,918</u>	<u>\$11,091,170</u>	<u>\$829,748</u>

**General Fund**

The general fund, had receipts and other financing uses of \$8,492,189 in 2011. The disbursements of the general fund, totaled \$7,614,683 in 2011. The general fund's balance increased \$877,506 from 2010 to 2011.

The table that follows assists in illustrating the receipts of the general fund.

	<b>2011 Amount</b>	<b>Restated 2010 Amount</b>	<b>Percentage Change</b>
<b>Receipts:</b>			
Taxes	\$1,999,340	\$2,005,917	(0.33)%
Tuition	2,060,777	1,944,057	6.00%
Classroom materials and fees	43,870	45,988	(4.61)%
Earnings on investments	81,451	175,158	(53.50)%
Other local revenues	98,043	78,595	24.74%
Payments in lieu of taxes	79,000	79,000	
Intergovernmental – State	4,120,252	4,212,966	(2.20)%
<b>Total</b>	<u>\$8,482,733</u>	<u>\$8,541,681</u>	<u>(0.69)%</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

Earnings on investments decreased due to lower interest rates during the year. All other receipts remained comparable to 2010.

The table that follows assists in illustrating the disbursements of the general fund.

	<b>2011 Amount</b>	<b>Restated 2010 Amount</b>	<b>Percentage Change</b>
<b>Disbursements:</b>			
Instructional	\$5,235,124	\$5,313,622	(1.48)%
Support services	2,246,547	2,279,520	(1.45)%
Extracurricular	133,012	129,457	2.75%
Total	<u>\$7,614,683</u>	<u>\$7,722,599</u>	(1.40)%

Disbursements remained comparable to 2011. Overall, disbursements decreased \$107,916 from 2010.

***Budgeting Highlights – General Fund***

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

For the general fund, the original and final budget basis receipts and other financing sources were \$8,425,621. Actual receipts of \$8,418,932 were less than final budgeted estimates in the amount of \$6,689. The original and final budgetary basis disbursements were \$7,923,052. The actual budgetary basis disbursements and other financing uses of \$7,557,651 were \$365,401 less than the final budget estimates.

**Capital Assets and Debt Administration**

***Capital Assets***

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had facilities acquisition and construction disbursements of \$79,496 during fiscal year 2011.

***Debt Administration***

The District had the following long-term obligations outstanding at June 30, 2011 and 2010:

	<b>Governmental Activities 2011</b>	<b>Governmental Activities 2010</b>
General obligation bonds	<u>\$11,692,337</u>	<u>\$11,958,562</u>
Total long-term obligations	<u>\$11,692,337</u>	<u>\$11,958,562</u>

For further information regarding the District's debt, refer to Note 8 to the financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

**Current Financial Related Activities**

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

The District is currently operating in the second year of a biennium budget. Approximately 50 percent of the District's receipt source is from local funds, forty-three percent is from State funds and the remaining seven percent is from Federal funds. The total disbursement per pupil was calculated at \$9,562.

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

**Contacting the District's Financial Management**

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2011**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$11,886,722
Cash with fiscal agent	2,603
Cash with escrow agent	31,593
Total assets	11,920,918
 <b>Net Assets:</b>	
<b>Restricted for:</b>	
Capital projects	975,434
Classroom facilities maintenance	221,536
Debt service	315,891
Federally funded programs	16,457
Student activities	25,045
Other purposes	210,401
Unrestricted	10,156,154
Total net assets	\$11,920,918

*See accompanying notes to the basic financial statements.*

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Disbursements	Program Receipts			Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Assets Governmental Activities
<b>Governmental activities:</b>					
<b>Instruction:</b>					
Regular	\$3,529,498	\$1,347,613	\$116,872		(\$2,065,013)
Special	1,262,960	751,779	727,820		216,639
Vocational	160,718		40,277		(120,441)
Other	745,613		4,032		(741,581)
<b>Support services:</b>					
Pupil	168,673		12,191		(156,482)
Instructional staff	305,583		26,667		(278,916)
Board of education	27,716		8,750		(18,966)
Administration	835,663	5,994	229,328		(600,341)
Fiscal	293,907		1,203		(292,704)
Operations and maintenance	641,950	2,771	33,290	\$10,300	(595,589)
Pupil transportation	546,434		59,917		(486,517)
Central	14,537		4,550		(9,987)
<b>Operation of non-instructional services</b>					
Other non-instructional services	14,914	8,339	6,861		286
Food service operations	315,739	184,689	148,898		17,848
Extracurricular activities	228,040	84,219	7,249		(136,572)
Facilities acquisition and construction	79,496				(79,496)
<b>Debt service:</b>					
Principal retirement	380,000				(380,000)
Interest and fiscal charges	500,966				(500,966)
<b>Total governmental activities</b>	<b>\$10,052,407</b>	<b>\$2,385,404</b>	<b>\$1,427,905</b>	<b>\$10,300</b>	<b>(6,228,798)</b>
<b>General Receipts:</b>					
<b>Property taxes levied for:</b>					
General purposes					1,999,340
Debt service					758,905
Facilities maintenance					30,082
Capital projects					129,676
Payment in lieu of taxes					79,000
Grants and entitlements not restricted to specific programs					3,899,182
Investment earnings					81,987
Miscellaneous					80,374
<b>Total general revenues</b>					<b>7,058,546</b>
Change in net assets					829,748
Net assets at beginning of year					11,091,170
Net assets at end of year					<b>\$11,920,918</b>

See accompanying notes to the basic financial statements.



**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$10,161,025	\$1,725,697	\$11,886,722
Cash with fiscal agent		2,603	2,603
Cash with escrow agent		31,593	31,593
Total assets	<u>10,161,025</u>	<u>1,759,893</u>	<u>11,920,918</u>
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Debt service		315,891	315,891
Capital improvements		975,434	975,434
Classroom facilities maintenance		221,536	221,536
Food service operations		202,519	202,519
Special education		2,603	2,603
Other purposes		13,854	13,854
Extracurricular		25,045	25,045
<b>Committed:</b>			
Latchkey program		4,504	4,504
<b>Assigned:</b>			
Student and staff support	34,941		34,941
Other purposes	288	3,378	3,666
Unassigned (deficit)	10,125,796	(4,871)	10,120,925
Total fund balances	<u>\$10,161,025</u>	<u>\$1,759,893</u>	<u>\$11,920,918</u>

*See accompanying notes to the basic financial statements.*

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH  
BASIS FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>			
<b>From local sources:</b>			
Taxes	\$1,999,340	\$918,663	\$2,918,003
Tuition	2,060,777	8,339	2,069,116
Earnings on investments	81,451	536	81,987
Charges for services		184,689	184,689
Extracurricular		84,219	84,219
Classroom materials and fees	43,870		43,870
Rental income	2,771		2,771
Contributions and donations	10,484	24,528	35,012
Other local revenues	84,788		84,788
Intergovernmental - Intermediate		1,736	1,736
Intergovernmental - State	4,111,189	207,588	4,318,777
Intergovernmental - Federal	9,063	959,668	968,731
Payments in lieu of taxes	79,000		79,000
Total receipts	<u>8,482,733</u>	<u>2,389,966</u>	<u>10,872,699</u>
<b>Disbursements:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	3,425,733	103,765	3,529,498
Special	907,088	355,872	1,262,960
Vocational	160,718		160,718
Other	741,585	4,028	745,613
<b>Support services:</b>			
Pupil	156,352	12,321	168,673
Instructional staff	277,653	27,930	305,583
Board of education	27,528	188	27,716
Administration	608,847	226,816	835,663
Fiscal	257,478	36,429	293,907
Operations and maintenance	529,230	112,720	641,950
Pupil transportation	379,472	166,962	546,434
Central	9,987	4,550	14,537
<b>Operation of non-instructional services:</b>			
Food service operations		315,739	315,739
Operation of non-instructional		14,914	14,914
Extracurricular activities	133,012	95,028	228,040
Facilities acquisition and construction		79,496	79,496
<b>Debt service:</b>			
Principal retirement		380,000	380,000
Interest and fiscal charges		500,966	500,966
Total disbursements	<u>7,614,683</u>	<u>2,437,724</u>	<u>10,052,407</u>
Excess (deficiency) of receipts over (under) expenditures	<u>868,050</u>	<u>(47,758)</u>	<u>820,292</u>
<b>Other financing sources:</b>			
Sale of assets	9,456		9,456
Total other financing sources	<u>9,456</u>		<u>9,456</u>
Net change in fund balances	877,506	(47,758)	829,748
Fund balances at beginning of year (restated)	9,283,519	1,807,651	11,091,170
Fund balances at end of year	<u>\$10,161,025</u>	<u>\$1,759,893</u>	<u>\$11,920,918</u>

See accompanying notes to the basic financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Receipts:</b>				
<b>From local sources:</b>				
Taxes	\$2,000,932	\$2,000,932	\$1,999,340	(\$1,592)
Tuition	2,062,417	2,062,417	2,060,777	(1,640)
Earnings on investments	81,516	81,516	81,451	(65)
Classroom materials and fees	38,646	38,646	38,615	(31)
Rental income	2,773	2,773	2,771	(2)
Contributions and donations	8,757	8,757	8,750	(7)
Other local revenues	13,204	13,204	13,131	(73)
Intergovernmental - state	4,114,461	4,114,461	4,111,189	(3,272)
Intergovernmental - federal	9,070	9,070	9,063	(7)
Payments in lieu of taxes	79,000	79,000	79,000	
Total receipts	<u>8,410,776</u>	<u>8,410,776</u>	<u>8,404,087</u>	<u>(6,689)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	3,579,002	3,579,002	3,413,647	165,355
Special	951,026	951,026	907,088	43,938
Vocational	168,503	168,503	160,718	7,785
Other	777,506	777,506	741,585	35,921
<b>Support services:</b>				
Pupil	163,925	163,925	156,352	7,573
Instructional staff	285,696	285,696	272,497	13,199
Board of education	29,490	29,490	28,128	1,362
Administration	581,224	581,224	554,371	26,853
Fiscal	269,950	269,950	257,478	12,472
Business				
Operations and maintenance	554,865	554,865	529,230	25,635
Pupil transportation	397,853	397,853	379,472	18,381
Central	10,471	10,471	9,987	484
Extracurricular activities	139,455	139,455	133,012	6,443
Total disbursements	<u>7,908,966</u>	<u>7,908,966</u>	<u>7,543,565</u>	<u>365,401</u>
Excess of receipts over disbursements	<u>501,810</u>	<u>501,810</u>	<u>860,522</u>	<u>358,712</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	9,456	9,456	9,456	
Refund of prior year's receipts	(11,552)	(11,552)	(11,552)	
Refund of prior year's expenditures	3,389	3,389	3,389	
Advances in	2,000	2,000	2,000	
Advances (out)	(2,000)	(2,000)	(2,000)	
Other uses	(534)	(534)	(534)	
Total other financing sources (uses)	<u>759</u>	<u>759</u>	<u>759</u>	
Net change in fund balance	502,569	502,569	861,281	358,712
Fund balance at beginning of year	9,262,737	9,262,737	9,262,737	
Prior year encumbrances appropriated	1,778	1,778	1,778	
Fund balance at end of year	<u>\$9,767,084</u>	<u>\$9,767,084</u>	<u>\$10,125,796</u>	<u>\$358,712</u>

See accompanying notes to the basic financial statements.

LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	Trust	
	Scholarship	Agency
<b>Assets:</b>		
Equity in pooled cash and cash equivalents	\$11,559	\$26,936
<b>Net Assets:</b>		
Endowment	5,000	
Held in trust for scholarships	6,559	
Held for student activities		26,936
Total net assets	\$11,559	\$26,936

*See accompanying notes to the basic financial statements.*

LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Trust</u>
	<u>Scholarship</u>
<b>Additions:</b>	
Gifts and contributions	\$1,250
Interest	113
Total additions	<u>1,363</u>
<b>Deductions:</b>	
Scholarships awarded	<u>250</u>
Change in net assets	1,113
Net assets at beginning of year	<u>10,446</u>
Net assets at end of year	<u><u>\$11,559</u></u>

*See accompanying notes to the basic financial statements.*

**This page intentionally left blank.**

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**1. REPORTING ENTITY**

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

The District is the 515<sup>th</sup> largest in the State of Ohio, among 918 schools, in terms of enrollment. It is staffed by 9 administrators, 35 classified employees and 63 certified teaching personnel, who provide services to 888 students and other community members. The Board oversees the operations of the District's instructional/support facility.

**A. Primary Government**

The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units.

**C. Other Organizations**

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

**1. Jointly Governed Organizations**

**Northwest Ohio Area Computer Services Cooperative (NOACSC)**

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**1. REPORTING ENTITY (Continued)**

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

**Western Buckeye Local Professional Development Consortium**

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

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

**Northwestern Ohio Educational Research Council, Inc. (NOERC)**

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

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

**Vantage Career Center**

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

The District also participates in two group purchasing pools for insurance, described in Note 10.



**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Basis of Accounting**

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

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

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

**B. Basis of Presentation**

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

**1. Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**2. Fund Financial Statements**

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

**C. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have any proprietary funds.

**1. Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources.

The following is the District's major governmental fund:

**General fund**

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition of construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust fund accounts for student scholarships. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student managed activities.

**D. Budgetary Process**

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

**1. Tax Budget**

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

**2. Estimated Resources**

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Appropriations**

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

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

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

**E. Cash and Investments**

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

During fiscal year 2011, investments were limited to non-negotiable certificates of deposit, U.S. government money market mutual funds and State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2011.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the District, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$81,451, which includes \$9,644 assigned from other funds.

An analysis of the District's investment account at year end is provided in Note 4.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The amount restricted for other purposes include amounts restricted for food service operations, latchkey services, and expendable trusts.

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Compensated Absences**

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

**J. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

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

**L. Fund Balance**

The District reports classifications of fund balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

**Nonspendable** - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Restricted** - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education.

**Assigned** - amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

**Unassigned** - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The District applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes include amounts restricted for food service operations and expendable trusts.

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

**N. Interfund Activity**

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

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**B. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund cash balances as previously reported:

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$9,264,515	\$1,826,655	\$11,091,170
<b>Fund reclassifications:</b>			
Staff flower fund	501	(501)	
Public school support fund	18,503	(18,503)	
Total fund reclassifications	<u>19,004</u>	<u>(19,004)</u>	
Restated fund balance at July 1, 2010	<u>\$9,283,519</u>	<u>\$1,807,651</u>	<u>\$11,091,170</u>

The fund reclassifications did not have an effect on net cash assets as previously reported.

**4. DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

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



**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

**A. Cash with Escrow Agent**

At fiscal year end, the District had \$31,593 on deposit in escrow accounts for retainage. This amount is not included in the total amount of deposits reported below. This amount is not part of the internal cash pool and is reported separately on the financial statements as “cash with escrow agent”.

**B. Cash with Fiscal Agent**

At fiscal year end, the District had \$2,603 on deposit with a fiscal agent. This amount is not included in the total amount of deposits reported below. This amount is not part of the internal cash pool and is reported separately on the financial statements as “cash with fiscal agent”.

**C. Cash on Hand**

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

**D. Deposits with Financial Institutions**

At June 30, 2011, the carrying amount of all District deposits was \$9,199,535. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2011, \$7,481,149 of the District’s bank balance of \$9,280,127 was exposed to custodial risk as discussed below, while \$1,798,978 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**E. Investments**

As of June 30, 2011, the District had the following investments and maturities:

<b>Investment type</b>	<b>Fair Value</b>	<b>Maturities 6 months or less</b>
U.S. Government		
money market mutual fund	\$ 602,921	\$ 602,921
STAR Ohio	2,119,390	2,119,390
Total	\$2,722,311	\$2,722,311

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

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

**Credit Risk:** Standard & Poor's has assigned STAR Ohio and the U.S. Government money market mutual fund an AAAM money market rating. The District has no investment policy that would further limit its investment choices.

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

**Concentration of Credit Risk:** The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Government money market mutual fund	\$ 602,921	22.15
STAR Ohio	2,119,390	77.85
Total	<u>\$2,722,311</u>	<u>100.00</u>

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

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,199,535
Investments	2,722,311
Cash on hand	3,371
Cash with escrow agent	31,593
Cash with fiscal agent	2,603
Total	<u>\$11,959,413</u>

<u>Cash and investments per statements of net assets:</u>	
Governmental activities	\$11,920,918
Private-purpose trust fund	11,559
Agency funds	26,936
Total	<u>\$11,959,413</u>

**5. INTERFUND TRANSACTIONS**

During fiscal year 2011, the general fund made an advance to the data communication nonmajor special revenue fund for \$2,000. This advance was repaid during the fiscal year.

Interfund advances between governmental funds are eliminated on the government-wide financial statements; therefore no advances are reported in the statement of activities.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**6. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Van Wert County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half property tax payments collected by the County by June 30, 2011 are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date tax bills are sent.

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

	<b>2010 Second Half Collections</b>		<b>2011 First Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/residential and other real estate	\$79,873,140	93.54	\$80,654,210	93.41
Industrial/commercial	2,351,360	2.75	2,411,820	2.79
Public utility personal	3,011,400	3.53	3,128,520	3.62
Tangible personal property	157,670	0.18	154,160	0.18
<b>Total</b>	<b>\$85,393,570</b>	<b>100.00</b>	<b>\$86,348,710</b>	<b>100.00</b>
Tax rate per \$1,000 of assessed valuation	\$60.85		\$60.85	

**7. PAYMENT IN LIEU OF TAXES**

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**8. LONG-TERM OBLIGATIONS**

During fiscal year 2011, the following activity occurred in long-term obligations:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
<b>General obligation bonds:</b>					
<b>Series 2005, refunding</b>					
Current interest bonds	\$ 3,740,000		(\$275,000)	\$ 3,465,000	\$290,000
Capital appreciation bonds	311,173			311,173	
Accreted interest	387,389	\$113,775		501,164	
<b>Series 2006, building improvement</b>					
Current interest bonds	2,700,000	-	(35,000)	2,665,000	35,000
<b>Series 2006, classroom facilities</b>					
Current interest bonds	4,820,000		(70,000)	4,750,000	70,000
Total G.O. Bonds	<u>\$11,958,562</u>	<u>\$113,775</u>	<u>\$(380,000)</u>	<u>\$11,692,337</u>	<u>\$395,000</u>

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

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**8. LONG-TERM OBLIGATIONS (Continued)**

The scheduled payments of principal and interest on debt outstanding at June 30, 2011 are as follows:

Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 395,000	\$ 486,291	\$ 881,291			
2013	145,000	474,725	619,725	\$ 94,236	\$210,764	\$ 305,000
2014	155,000	467,806	622,806	82,311	227,689	310,000
2015	165,000	460,426	625,426	71,877	243,123	315,000
2016	180,000	452,469	632,469	62,749	257,251	320,000
2017 - 2021	2,990,000	1,932,151	4,922,151			
2022 - 2026	3,060,000	1,170,326	4,230,326			
2027 - 2031	2,215,000	629,386	2,844,386			
2032 - 2033	1,575,000	108,472	1,683,472			
Total	<u>\$10,880,000</u>	<u>\$6,182,052</u>	<u>\$17,062,052</u>	<u>\$311,173</u>	<u>\$938,827</u>	<u>\$1,250,000</u>

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The Ohio Revised Code further provides that when a Board of Education declares a resolution that the student population is not adequately served by existing facilities and that insufficient capacity exists within the 9 percent limit to finance additional facilities, the State Department of Education may declare that a District is a "special needs" District. This permits the incurrence of additional debt based upon projected 5-year growth of the District's assessed valuation. The District was determined to be a "special needs" District. In addition, the unvoted net debt of a District cannot exceed 0.1 percent of the total assessed value of property. On June 30, 2011, the District had no unvoted debt.

**9. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**9. OTHER EMPLOYEE BENEFITS (Continued)**

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 190 days for eligible personnel. Upon retirement, payment is made for 25% of accrued, but unused sick leave credit up to a maximum of 30 days for classified staff. For certified staff, payment is made for 25% of accrued, but unused sick leave credit up to a maximum of 35 days. Certified staff will receive 3.33% of all days in excess of 140 days to a maximum of \$1,000 for the second tier calculation.

**B. Health Care Benefits**

The District provides medical, dental, vision and life insurance to all employees through the Van Wert Area School Insurance Group (Note 10). Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies depending on the terms of the union contract.

**10. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the District contracted for the following insurance coverage through the Phelan Insurance Agency:

Commercial property contents - replacement cost (\$2,500 deductible)	\$25,615,510
General liability (\$2,000,000 aggregate)	1,000,000
Per occurrence (includes \$4,000,000 umbrella)	5,000,000
Total per year	6,000,000
 Errors and omissions (\$2,500 deductible)	 1,000,000

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2010.

**Group Purchasing Pools**

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

The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**10. RISK MANAGEMENT (Continued)**

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

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

**11. PENSION PLANS**

**A. School Employees Retirement System**

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

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$107,960, \$112,350 and \$76,647, respectively; 59.59 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**B. State Teachers Retirement System of Ohio**

**Plan Description** - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**11. PENSION PLANS (Continued)**

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

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

**Funding Policy** - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$507,560, \$517,205 and \$505,948, respectively; 83.63 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.



**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**12. POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**Plan Description** - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://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 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statute provides that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$13,072, \$20,574 and \$51,026, respectively; 59.59 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$6,947, \$6,681 and \$6,324, respectively; 59.59 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**12. POSTEMPLOYMENT BENEFITS (Continued)**

**B. State Teachers Retirement System of Ohio**

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

**Funding Policy** - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$39,043, \$39,785 and \$38,919, respectively; 83.63 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**13. STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2011, the reserve activity was as follows:

	<b>Textbooks</b>	<b>Capital Improvements</b>
Set-aside reserve balance June 30, 2010		
Current year set-aside requirement	\$132,461	\$132,461
Current year qualifying expenditures	(85,134)	(84,045)
Excess qualified expenditures from prior years	(180,338)	
Current year offsets		(223,856)
Total	(\$133,011)	(\$175,440)
Balance carried forward to fiscal year 2012	(\$133,011)	\$ 0

For the textbooks reserve, qualifying expenditures exceeding the set-aside requirement may be carried forward to the next fiscal year. For the capital improvements reserve, qualifying expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**14. CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**15. BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash). The encumbrances outstanding at year end (budgetary basis) amount to \$600 in the general fund.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement:

<u>Net Change in Fund Balance</u>	
	<u>General fund</u>
Cash basis	\$877,506
Funds budgeted elsewhere **	(15,625)
Adjustment for encumbrances	(600)
Budget basis	<u>\$861,281</u>

\*\* Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the staff flower fund and public school support fund.

**16. ENDOWMENTS**

The District's private-purpose trust fund included a donor restricted endowment. The endowment, in the amount of \$5,000, represents the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the District is \$6,559 for 2011 and is included as held in trust for students. State law permits the District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used for the special education program.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**17. SERVICE CONTRACT COMMITMENTS**

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

**18. OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 600
Other governmental	10,350
Total	<u>\$10,950</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

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

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Expenditures</u>	<u>Non-Cash Expenditures</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
(Passed through Ohio Department of Education)					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555		\$56,897		\$56,897
Cash Assistance					
School Breakfast Program	10.553	\$14,091		\$14,091	
National School Lunch Program	10.555	131,617		131,617	
Total Cash Assistance		<u>145,708</u>		<u>145,708</u>	
Total for Child Nutrition Cluster		<u>145,708</u>		<u>145,708</u>	
Total U.S. Department of Agriculture		<u>145,708</u>	<u>56,897</u>	<u>145,708</u>	<u>56,897</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
(Passed through Ohio Department of Education)					
Title I Grants to Local Educational Agencies	84.010	139,496		141,266	
ARRA Title I Grants to Local Educational Agencies	84.389	<u>28,320</u>		<u>28,470</u>	
Total for Title I Cluster		167,816		169,736	
Special Education_Grants to States	84.027	157,150		156,838	
ARRA Special Education Grants to States	84.391	<u>76,183</u>		<u>78,988</u>	
Total for Special Education Cluster		233,333		235,826	
Improving Teacher Quality State Grants	84.367	22,354		23,570	
Education Technology State Grant	84.318	190		190	
Education Jobs Fund	84.410	63,093		63,162	
ARRA State Fiscal Stabilization Fund (SFSF)	84.394	310,218		309,875	
Total U.S. Department of Education		<u>797,004</u>		<u>802,359</u>	
Total Federal Assistance		<u>\$942,712</u>	<u>\$56,897</u>	<u>\$948,067</u>	<u>\$56,897</u>

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

The School District reports commodities consumed on the Schedule at fair value. The School 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 ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincolnview Local School District, Van Wert County, (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 1, 2011, wherein we noted the School District adopted the provisions of Government Accounting Standards Board Statement No 54, *Fund Balance and Governmental Fund Type Definitions*. We also noted the School District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

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

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

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

**Dave Yost**  
Auditor of State

December 1, 2011





# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

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

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

In our opinion, Lincolnview Local School District, Van Wert County, complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

### Internal Control Over Compliance

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

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

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

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



**Dave Yost**  
Auditor of State

December 1, 2011

**LINCOLNVIEW LOCAL SCHOOL DISTRICT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA# 84.394 - State Fiscal Stabilization Fund (SFSF) – Recovery Act
<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

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

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

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Lincolnview Local School District (the School 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 December 21, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

**Dave Yost**  
Auditor of State

December 1, 2011

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402  
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**This page intentionally left blank.**



# Dave Yost • Auditor of State

LINCOLNVIEW LOCAL SCHOOL DISTRICT

VAN WERT COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
FEBRUARY 7, 2012