



Dave Yost • Auditor of State



**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Clearview Local School District  
Lorain County  
4700 Broadway Avenue  
Lorain, Ohio 44052

To the Board of Education:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clearview Local School District, Lorain County, Ohio, as of June 30, 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General and the Classroom Facilities Maintenance funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 4 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during 2013, the District has elected to change its financial presentation comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, changes in net position, governmental activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

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

These tables and the Schedule are management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 26, 2014

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CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED

This discussion and analysis of Clearview Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013, within the limitations of cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key highlights for 2013 are as follows:

In total, net position increased \$ 64,438, or 8.5% change from the prior fiscal year. The School District's general receipts are primarily property taxes and unrestricted state entitlements, which make up 60.1% of the total cash received. Dependence on these two revenue sources is significant.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

### **Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED

**Reporting the School District As A Whole**

The statement of net position and the statement of activities reflect how the School District did financially during 2013, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. 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 a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

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

In the statement of net position and the statement of activities, all of the School District activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, food services, extracurricular activities, and capital outlay disbursements.

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

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. The School District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the School District are split into two categories: governmental and fiduciary.

**Governmental Funds** – All of the School District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the School District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the School District's programs.

The School District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The School District's major governmental funds are the General Fund, Classroom Facilities Maintenance Fund, and the Debt Service Fund.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the School District's programs.

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED

**The School District as a Whole**

Table 1 provides a comparison of the School District's net position for fiscal year 2013 with fiscal year 2012:

**Table 1**  
Total Net Position

	2013	Restated 2012
Assets		
Equity in pooled cash	\$ 818,976	\$ 754,538
Total assets	<u>818,976</u>	<u>754,538</u>
Net position		
Restricted for:		
Debt service	297,632	267,975
Capital projects	-	2,965
Food service	11,416	-
Extracurricular	29,288	25,483
State grants	2,700	2,700
Federal grants	58,927	72,868
Donations	32,849	24,215
Capital maintenance	105,865	97,126
Unrestricted	280,299	261,206
Total net position	<u>\$ 818,976</u>	<u>\$ 754,538</u>

As mentioned previously, net position of governmental activities increased \$ 64,438, or 8.5% during fiscal year 2013, due in part, to an increase in note proceeds, charges for services and property taxes.

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED

Table 2 reflects the changes in net position for fiscal year 2013 compared with fiscal year 2012.

**Table 2**  
Governmental Activities

	2013	Restated 2012
Receipts		
Program receipts		
Charges for services	\$ 4,056,421	\$ 3,531,458
Operating grants, interest and contributions	1,937,042	1,853,164
Total program receipts	<u>5,993,463</u>	<u>5,384,622</u>
General receipts		
Property taxes	3,219,848	2,910,383
Grants and entitlements not restricted to specific purposes	7,020,621	7,299,298
Investment earnings	2,155	7,662
Note proceeds	700,000	142,858
Miscellaneous	123,313	68,733
Transfers	(6,730)	-
Advances	66	(66)
Total general receipts	<u>11,059,273</u>	<u>10,428,868</u>
Total receipts	<u>17,052,736</u>	<u>15,813,490</u>
Program cash disbursements		
Instruction	9,066,058	9,303,940
Supporting services		
Pupil and instructional staff	1,615,622	1,588,400
Board of education, administration, fiscal and business	1,969,551	2,051,418
Operation and maintenance	1,557,479	1,729,663
Pupil transportation	406,359	446,582
Central services	69,879	191,488
Operation of non-instructional services		
Food service operation	896,758	942,603
Community services	241	9,034
Other operations	37,931	40,615
Extracurricular activities	451,462	447,555
Debt service		
Principal	692,991	299,738
Interest	223,967	232,530
Total program cash disbursements	<u>16,988,298</u>	<u>17,283,566</u>
Change in net position	64,438	(1,470,076)
Net position, beginning of year, restated	754,538	2,224,614
Net position, end of year	<u>\$ 818,976</u>	<u>\$ 754,538</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
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Program receipts represent only 35.1% in fiscal year 2013 and 34.1% in fiscal year 2012 of total receipts and are primarily represented by restricted intergovernmental receipts, charges for tuition and fees, extracurricular activities, and food service sales. General receipts represent 64.9% of total receipts in fiscal year 2013 and 65.9% in fiscal year 2012, and of this amount, 63.5% for fiscal year 2013 and 70.0% for fiscal year 2012 is the result of unrestricted grants and entitlements, which primarily represents State foundation resources. Property taxes make up 29.1% in fiscal year 2013 and 27.9 in fiscal year 2012 of the School District's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

The major program disbursements for governmental activities are for instruction, which accounts for 53.3% of all governmental disbursements in fiscal year 2013 and 53.8% in fiscal year 2012. Other programs which support the instruction process, including pupil and instructional staff, administrative, maintenance, and pupil transportation account for approximately 33.1% of governmental disbursements in fiscal year 2013 and 34.8% in fiscal year 2012.

Governmental Activities - If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the School District. The next column identifies the costs of providing these services. The next two columns of the Statement of Activities entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the School District that must be used to provide a specific service. The Net (Disbursements) column compares the program receipts to the cost of the service. This "Net Cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Table 3**  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2013	Restated 2012	2013	Restated 2012
Instruction	\$ 9,066,133	\$ 9,303,940	\$ (4,291,702)	\$ (5,181,424)
Supporting services				
Pupil and instructional staff	1,615,622	1,588,400	(1,409,096)	(1,407,203)
Board of education, administration, fiscal and business	1,969,551	2,051,418	(1,941,451)	(2,038,956)
Operation and maintenance	1,557,479	1,729,663	(1,557,479)	(1,729,663)
Pupil transportation	406,359	446,582	(406,359)	(446,582)
Central services	69,879	191,488	(69,879)	(191,488)
Operation of non-instructional services				
Food service operation	896,758	942,603	(72,406)	(19,561)
Community services	241	9,034	-	(9,034)
Other operations	37,931	40,615	(13,631)	(25,738)
Extracurricular activities	451,462	447,555	(315,949)	(317,027)
Debt service				
Principal	692,991	299,738	(692,991)	(299,738)
Interest	223,967	232,530	(223,967)	(232,530)
Refund of prior year receipts	7,045	-	(7,045)	-
Total expenses	<u>\$ 16,995,418</u>	<u>\$ 17,283,566</u>	<u>\$(11,001,955)</u>	<u>\$(11,898,944)</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED

The dependence upon property taxes and other general receipts is apparent as 65.1% in fiscal year 2013 and 60.3% in fiscal year 2012 of governmental activities are supported through these general receipts. In fiscal year 2013, 47.3% and in fiscal year 2012, 55.7% of instruction activities are supported through taxes and other general revenues. Operation of food services was primarily funded by program revenues. In fiscal year 2013 and 2012, 30.0% and 29.2%, respectively, of extracurricular activities expenses are covered by program revenues. It is apparent that the community, as a whole, is the primary support for the School District.

**The School District's Funds**

The School District's governmental funds are accounted for using the cash basis of accounting. Total governmental funds had receipts of \$ 16,366,445, disbursements of \$ 16,988,298 and net other financing sources and uses of \$ 686,291, resulting in an increase in fund balances of \$ 64,438.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2013, the School District amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts including other financing sources were budgeted at \$ 15,287,936 while actual receipts were \$ 14,217,094. The difference between final budgeted receipts and actual receipts was primarily due to lower taxes and tuition and fees being collected.

Final disbursements including other financing uses were budgeted at \$ 14,633,012 while actual disbursements were \$ 14,103,399. The School District was able to restrict spending below what was anticipated. The School District experienced lower instruction and support services expenditures than expected. The School District appropriates conservatively in order to cover expenditures.

**Debt Administration**

Outstanding debt obligations of the School District consisted of:

	2013	2012
General obligation bonds	\$ 4,036,895	\$ 4,248,779
Tax anticipation note	350,000	-
Loans payable	-	122,991
	\$ 4,386,895	\$ 4,371,770

**Current Issues**

The challenge for all School Districts is to provide quality education to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for fiscal year 2016; therefore, the administration is looking for ways to delay the deficit by reducing expenditures through attrition and wise spending.

CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013  
UNAUDITED

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of Sean Nuccio, CPA, Treasurer at Clearview Local District, 4700 Broadway Ave. Lorain, Ohio 44052

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CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION – CASH BASIS  
JUNE 30, 2013

	Governmental Activities
Assets	
Equity in pooled cash	\$ 818,976
Total assets	\$ 818,976
 Net position	
Restricted for:	
Debt service	\$ 297,632
Food service	11,416
Extracurricular	29,288
State grants	2,700
Federal grants	58,927
Donations	32,849
Capital maintenance	105,865
Unrestricted	280,299
Total net position	\$ 818,976

See accompanying notes to the basic financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES – CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2013

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants Interest and Contributions	
Governmental activities				
Instruction				
Regular	\$ 7,181,160	\$ 3,680,061	\$ 281,963	\$ (3,219,136)
Special	1,695,488	-	774,643	(920,845)
Vocational	189,410	-	37,764	(151,646)
Supporting services				
Pupil	1,066,639	44,461	94,467	(927,711)
Instructional staff	548,983	28,771	38,827	(481,385)
Board of education	62,953	-	-	(62,953)
Administration	1,198,218	-	28,100	(1,170,118)
Fiscal services	333,408	-	-	(333,408)
Business	374,972	-	-	(374,972)
Operation and maintenance	1,557,479	-	-	(1,557,479)
Pupil transportation	406,359	-	-	(406,359)
Central services	69,879	-	-	(69,879)
Operation of non-instructional services				
Food service operation	896,758	143,315	681,037	(72,406)
Community services	241	-	241	-
Other operations	37,931	24,300	-	(13,631)
Extracurricular activities	451,462	135,513	-	(315,949)
Debt service				
Principal	692,991	-	-	(692,991)
Interest	223,967	-	-	(223,967)
Totals	<u>\$ 16,988,298</u>	<u>\$ 4,056,421</u>	<u>\$ 1,937,042</u>	<u>(10,994,835)</u>

General receipts

Property taxes levied for:	
General purpose	2,692,069
Debt service	415,690
Capital improvements	112,089
Grants and entitlements not restricted to specific purposes	7,020,621
Investment earnings	2,155
Note proceeds	700,000
Miscellaneous	123,313
Transfers	(6,730)
Advances	66
Total general receipts	<u>11,059,273</u>
Change in net position	64,438
Net position, beginning of year, restated	754,538
Net position, end of year	<u>\$ 818,976</u>

See accompanying notes to the basic financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
 STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS  
 GOVERNMENTAL FUNDS

JUNE 30, 2013

	General Fund	Classroom Facilities Maintenance Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in pooled cash	\$ 223,447	\$ 105,865	\$ 297,632	\$ 135,180	\$ 762,124
Restricted cash	56,852	-	-	-	56,852
<b>Total assets</b>	<u>\$ 280,299</u>	<u>\$ 105,865</u>	<u>\$ 297,632</u>	<u>\$ 135,180</u>	<u>\$ 818,976</u>
<b>Fund balances</b>					
Restricted	\$ 56,852	\$ 105,865	\$ 297,632	\$ 135,180	\$ 595,529
Assigned	88,003	-	-	-	88,003
Unassigned	135,444	-	-	-	135,444
<b>Total fund balances</b>	<u>\$ 280,299</u>	<u>\$ 105,865</u>	<u>\$ 297,632</u>	<u>\$ 135,180</u>	<u>\$ 818,976</u>

See accompanying notes to the basic financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -  
CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Classroom Facilities Maintenance Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Taxes	\$ 2,692,069	\$ 36,263	\$ 415,690	\$ 75,826	\$ 3,219,848
Tuition and fees	3,704,361	-	-	-	3,704,361
Interest	1,956	180	-	19	2,155
Intergovernmental	6,997,329	5,074	57,358	1,897,902	8,957,663
Extracurricular	44,461	-	-	135,513	179,974
Charges for services	-	-	-	141,609	141,609
Other	114,320	-	-	39,470	153,790
Total receipts	<u>13,554,496</u>	<u>41,517</u>	<u>473,048</u>	<u>2,290,339</u>	<u>16,359,400</u>
Disbursements					
Current					
Instruction					
Regular	6,910,764	-	-	270,396	7,181,160
Special	913,677	-	-	781,811	1,695,488
Vocational	186,785	-	-	2,625	189,410
Supporting services					
Pupil	972,172	-	-	94,467	1,066,639
Instructional staff	513,474	-	-	35,509	548,983
Board of education	62,953	-	-	-	62,953
Administration	1,170,118	-	-	28,100	1,198,218
Fiscal services	327,740	618	4,252	798	333,408
Business	370,119	-	-	4,853	374,972
Operation and maintenance	1,415,217	32,160	-	-	1,447,377
Pupil transportation	406,359	-	-	-	406,359
Central services	69,879	-	-	-	69,879
Operation of non-instructional services					
Food service operation	-	-	-	896,758	896,758
Community services	-	-	-	241	241
Enterprise operations	37,931	-	-	-	37,931
Extracurricular activities	313,863	-	-	137,599	451,462
Capital outlay	-	-	-	110,102	110,102
Debt service					
Principal	-	-	570,000	122,991	692,991
Interest	-	-	221,793	2,174	223,967
Total disbursements	<u>13,671,051</u>	<u>32,778</u>	<u>796,045</u>	<u>2,488,424</u>	<u>16,988,298</u>
Excess (deficiency) of receipts over disbursements	<u>(116,555)</u>	<u>8,739</u>	<u>(322,997)</u>	<u>(198,085)</u>	<u>(628,898)</u>
Other financing sources (uses)					
Transfers in	-	-	352,654	143,831	496,485
Advances in	65,266	-	-	-	65,266
Proceeds from note issuance	700,000	-	-	-	700,000
Transfers out	(503,215)	-	-	-	(503,215)
Advances out	-	-	-	(65,200)	(65,200)
Total other financing sources (uses)	<u>262,051</u>	<u>-</u>	<u>352,654</u>	<u>78,631</u>	<u>693,336</u>
Net change in fund balances	145,496	8,739	29,657	(119,454)	64,438
Fund balances, beginning of year, restated	134,803	97,126	267,975	254,634	754,538
Fund balances, end of year	<u>\$ 280,299</u>	<u>\$ 105,865</u>	<u>\$ 297,632</u>	<u>\$ 135,180</u>	<u>\$ 818,976</u>

See accompanying notes to the basic financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – BUDGET BASIS  
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Receipts				
Taxes	\$ 2,847,769	\$ 2,978,698	\$ 2,692,069	\$ (286,629)
Tuition and fees	3,109,351	4,869,645	3,680,061	(1,189,584)
Interest	1,644	2,575	1,946	(629)
Intergovernmental	6,908,467	6,908,467	6,997,329	88,862
Other	133,217	106,420	80,423	(25,997)
Total receipts	<u>13,000,448</u>	<u>14,865,805</u>	<u>13,451,828</u>	<u>(1,413,977)</u>
Disbursements				
Current				
Instruction				
Regular	6,796,954	7,180,171	6,910,789	269,382
Special	898,685	949,353	913,736	35,617
Vocational	205,036	216,596	208,470	8,126
Supporting services				
Pupil	901,898	952,748	917,003	35,745
Instructional staff	486,080	513,486	494,221	19,265
Board of education	61,916	65,407	62,953	2,454
Administration	1,151,090	1,215,989	1,170,368	45,621
Fiscal services	322,762	340,960	328,168	12,792
Business	364,219	384,754	370,319	14,435
Operation and maintenance	1,396,838	1,475,593	1,420,232	55,361
Pupil transportation	400,095	422,653	406,796	15,857
Central services	68,728	72,603	69,879	2,724
Extracurricular activities	308,693	326,097	313,863	12,234
Total disbursements	<u>13,362,994</u>	<u>14,116,410</u>	<u>13,586,797</u>	<u>529,613</u>
Excess (deficiency) of receipts over disbursements	<u>(362,546)</u>	<u>749,395</u>	<u>(134,969)</u>	<u>(884,364)</u>
Other financing sources (uses)				
Advances-in	-	72,132	65,266	(6,866)
Note proceeds	350,000	350,000	700,000	350,000
Transfers-out	-	(516,602)	(516,602)	-
Total other financing sources (uses)	<u>350,000</u>	<u>(94,470)</u>	<u>248,664</u>	<u>343,134</u>
Net change in fund balances	(12,546)	654,925	113,695	(541,230)
Fund balances, beginning of year	8,088	8,088	8,088	-
Prior year encumbrances	42,339	42,339	42,339	-
Fund balances, end of year	<u>\$ 37,881</u>	<u>\$ 705,352</u>	<u>\$ 164,122</u>	<u>\$ (541,230)</u>

See accompanying notes to the basic financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – BUDGET BASIS  
FOR THE YEAR ENDED JUNE 30, 2013

	Classroom Facilities Maintenance Fund			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Receipts				
Taxes	\$ 127,479	\$ 111,289	\$ 36,263	\$ (75,026)
Interest	633	552	180	(372)
Intergovernmental	17,837	15,572	5,074	(10,498)
Total receipts	<u>145,949</u>	<u>127,413</u>	<u>41,517</u>	<u>(85,896)</u>
Disbursements				
Current				
Supporting services				
Fiscal services	671	671	618	53
Operation and maintenance	74,913	34,913	32,160	2,753
Total disbursements	<u>75,584</u>	<u>35,584</u>	<u>32,778</u>	<u>2,806</u>
Net change in fund balances	70,365	91,829	8,739	(83,090)
Fund balances, beginning of year	97,126	97,126	97,126	-
Prior year encumbrances	-	-	-	-
Fund balances, end of year	<u>\$ 167,491</u>	<u>\$ 188,955</u>	<u>\$ 105,865</u>	<u>\$ (83,090)</u>

See accompanying notes to the basic financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION – CASH BASIS  
AGENCY FUNDS

JUNE 30, 2013

	Agency Funds
Assets	
Equity in pooled cash	\$ 54,171
Total assets	<u>\$ 54,171</u>
Net position	
Held for students	\$ 48,551
Undistributed monies	5,620
Total net position	<u>\$ 54,171</u>

See accompanying notes to the basic financial statements.

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CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 - REPORTING ENTITY

Clearview Local District (the School District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the School District.

The School District is located in Lorain County and includes all of Sheffield Township and portions of the City of Lorain. It is staffed by 69 classified employees, 103 certified teaching personnel, and 12 administrative employees who provide services to 1,770 students and other community members. The School District currently operates three instructional buildings, one bus garage and one administrative facility.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organizations' governing board and, 1) the School District is able to significantly influence the programs or services performed or provided by the organization; or 2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

Blended component units, although legally separated entities are, in substance, part of the School District's operations and so data from these units are combined with data of the School District. The School District has no component units.

The School District is associated with the North Coast Council, the Lake Erie Regional Council of Governments, the Lorain County Joint Vocational School District, and the Ohio Schools Council Association, which are considered to be jointly governed organizations. These organizations and their relationships with the School District are described in more detail in Note 19 to these financial statements.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

A. BASIS OF PRESENTATION

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING

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

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the School District's major funds:

General Fund - The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Classroom Facilities Maintenance Fund - The Classroom Facilities Maintenance Fund is used to account for monies restricted for the purpose of maintaining facilities constructed or renovated under the Ohio School Facilities Commission Program.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of long-term principal, interest and related costs.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature. The School District's agency funds account for various student-managed activities and unclaimed monies.

C. BASIS OF ACCOUNTING

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

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

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

E. CASH AND INVESTMENTS

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

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 share price, which is the price the investment could be sold for on June 30, 2013. At June 30, 2013 the School District did not have deposits in STAR Ohio.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2013 was \$ 1,956 which included \$ 1,426 assigned from other School District funds.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. INVENTORY AND PREPAID ITEMS

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

H. CAPITAL ASSETS

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

I. INTERFUND RECEIVABLES/PAYABLES

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

K. EMPLOYER CONTRIBUTIONS TO COST-SHARING PENSION PLANS

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. LONG-TERM OBLIGATIONS

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. NET POSITION

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for building maintenance.

The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

N. FUND BALANCE

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. INTERFUND TRANSACTIONS

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 cash disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND ACCOUNTING PRINCIPLES

A. CHANGE IN BASIS OF ACCOUNTING

For 2013, the School District ceased to report using generally accepted accounting principles and reported on the cash basis as described in Note 2.

The implementation of this change had the following effects on fund equity of the major and nonmajor funds of the School District as they were previously reported. The effects on net position of governmental activities are also presented.

	General Fund	Classroom Facilities Maintenance Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fund balance at 6/30/12, As previously reported	\$ (1,393,852)	\$ 98,137	\$ 316,368	\$ (46,611)	\$ (1,025,958)
Eliminations:					
Asset accruals	(270,431)	(4,070)	(48,393)	(8,985)	(331,879)
Interfunds	(65,200)	-	-	65,200	-
Liability accruals	1,864,286	3,059	-	245,030	2,112,375
As restated at 6/30/12	<u>\$ 134,803</u>	<u>\$ 97,126</u>	<u>\$ 267,975</u>	<u>\$ 254,634</u>	<u>\$ 754,538</u>

Governmental activities net position, 6/30/2012

As previously reported	\$ 12,061,612
Eliminations:	
Asset accruals	(1,091,779)
Capital assets	(18,007,187)
Liability accruals	2,039,224
Long-term liabilities	5,752,668
As restated at 6/30/12	<u>\$ 754,538</u>

B – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2013, the School District implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 – COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the 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 (and each major special revenue fund) is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the General Fund and Classroom Facilities Maintenance Fund.

Net Change in Fund Balance		
	General Fund	Classroom Facilities Maintenance Fund
Budget basis	\$ 113,695	\$ 8,739
Adjustments, increase (decrease)		
Encumbrances	28,174	-
Funds budgeted elsewhere **	3,627	-
Cash basis, as reported	\$ 145,496	\$ 8,739

\*\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund for financial statement presentation purposes. This includes the Special Trust Fund, Public School Support Fund, Uniform School Supplies Fund, and the Latchkey Fund.



CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6 – DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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

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

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

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

Interim monies may be invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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 2% and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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. Commercial paper and bankers' acceptances (if authorized by the Board of Education), and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the School District had \$ 3,100 in cash on hand which is included on the balance sheet of the School District as part of "Equity in pooled cash".

B. DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. The School District does not have a deposit policy for custodial credit risk. At fiscal year end, the carrying amount of the School District's deposits was \$ 870,047 and the bank balance was \$ 1,002,244. Of the bank balance, \$ 605,388 was covered by federal depository insurance and \$ 396,856 was uninsured. Of the remaining balance, \$ 396,856 was collateralized with securities held by the pledging institution's trust department not in the School District's name. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Lorain County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2012 Second Half Collections		2013 First Half Collections	
	Amount	%	Amount	%
Agricultural Residential				
Real Estate	\$ 59,616,430	68.08 %	\$ 52,930,850	65.46 %
Other Commercial	24,971,510	28.51	24,618,270	30.45
Tangible Personal Property	2,988,980	3.41	3,303,340	4.09
	<u>\$ 87,576,920</u>	<u>100.00 %</u>	<u>\$ 80,852,460</u>	<u>100.00 %</u>
Tax Rate per \$ 1,000 of Assessed Valuation:	<u>\$ 54.91</u>		<u>\$ 59.26</u>	

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 8 - 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. The District has a comprehensive property and casualty policy with the Ohio Schools Risk Authority. All board members, administrators, and employees are covered under a school district liability policy with the Ohio Schools Risk Authority. The limits of this coverage are \$ 12,000,000 per occurrence and \$ 12,000,000 aggregate. The District provides medical and life insurance to employees through commercial insurance coverage. The treasurer is covered with a surety bond for \$ 50,000. Remaining employees who handle money are covered by a commercial coverage crime policy in the amount of \$ 50,000. This coverage is provided by the Westfield Insurance Company. The District has contracted with the Lake Erie Regional Council of Governments (LERC) to provide health and medical benefits. LERC is a fully insured consortium. The District provides medical, vision and dental benefits to most employees. The premium varies with employee depending on marital status and employee classification.

For fiscal year 2013, the District participated in the Sheakley Workers' Compensation Group rating Program. The program is intended to reduce premiums for the participants. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the program. Each participant pays its rate. Participation in the program is limited to members that can meet the program's selection criteria. The districts apply for participation each year. Sheakley Co. provides administrative, cost control, and actuarial services to the program. Each year the District pays an enrollment fee to the program to cover the costs of administration.

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. STATE TEACHERS RETIREMENT SYSTEM

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

New members have a choice of three retirement plans. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

A. STATE TEACHERS RETIREMENT SYSTEM (continued)

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – DC Plan benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the D Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1percent of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio’s public colleges and university may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

A. STATE TEACHERS RETIREMENT SYSTEM (continued)

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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 members who die before retirement may qualify for survivor benefits. A death benefit of \$ 1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$ 2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2013, were 10% of covered payroll for members and 14% for employers. The School District's required contributions for pension obligations to STRS of the fiscal years ended June 30, 2013, 2012, and 2011 were \$ 914,379, \$ 900,813 and \$ 879,433, respectively; \$ 737,904 (80.7%) has been contributed for fiscal year 2013 and 100% has been contributed for fiscal years 2012 and 2011.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's 2012 Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 4321-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org)

B. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2013, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the years ended June 30, 2013, 2012, and 2011 were \$ 297,846, \$ 279,270 and \$ 130,826, respectively, which equaled the required contributions each year.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

C. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, two of the Board of Education members have elected Social Security. The contribution rate is 6.2% of wages paid.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. STATE TEACHERS RETIREMENT SYSTEM

Plan Description - STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2013, 2012, and 2011. The 14% employer contribution rate is the maximum rate established under Ohio law. The School District's contribution for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$ 70,337, \$ 57,583 and \$ 67,649, respectively; \$ 56,762 (80.7%) has been contributed for fiscal year 2013 and 100% for fiscal years 2012 and 2011.

B. SCHOOL EMPLOYEES RETIREMENT SYSTEM

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan - The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 10 - POSTEMPLOYMENT BENEFITS

B. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation is .74%. The School District's contributions for the years ended June 30, 2013, 2012 and 2011 were \$ 14,743, \$ 16,492 and \$ 8,419, respectively, which equaled the required contributions each year.

Health Care Plan - ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, 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 ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is .16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to health care for the years ended June 30, 2013, 2012, and 2011 were \$ 19,147, \$ 18,524, and \$ 15,841, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at [www.ohser.org](http://www.ohser.org) under Employers/Audit Resources.



CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 – LONG-TERM OBLIGATIONS

The original issue date, interest rate, original issue amount and maturity date for each of the School District's long-term obligations follows:

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
General obligation bonds				
School Improvement	1999	6.125%	\$ 3,260,000	2024
Building construction	2001	5.280%	\$ 2,410,000	2023
Refunding bonds	2006	4.000%	\$ 1,780,000	2024
Refunding				
Term and serial	2011	2.90% - 3.75%	\$ 720,000	2024
Capital appreciation	2011	3.900%	\$ 54,999	2020
Tax anticipation note	2013	3.360%	\$ 350,000	2015
Loans payable				
Track renovations	2010	5.000%	\$ 91,000	2013
Parking lot repairs	2012	5.000%	\$ 143,270	2013

In 2006, \$ 1,780,000 of the 1999 school improvement bonds were advanced refunded.

The changes in the School District's long-term debt during fiscal year 2013 were as follows:

	Balance June 30, 2012	Increase	Decrease	Balance June 30, 2013	Amounts Due In One Year
Bonds payable	\$ 4,239,999	\$ -	\$ 220,000	\$ 4,019,999	\$ 240,000
Accretion on capital appreciation bonds	8,780	8,116	-	16,896	-
Loans payable	122,991	-	122,991	-	-
Tax anticipation note	-	350,000	-	350,000	225,000
	<u>\$ 4,371,770</u>	<u>\$ 358,116</u>	<u>\$ 342,991</u>	<u>\$ 4,386,895</u>	<u>\$ 465,000</u>

Bonds payable will be repaid from the Debt Service Fund. The tax anticipation note will be repaid from the Debt Service Fund.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 – LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2013, were as follows:

Year ending June 30,	Bonds Payable		Tax Anticipation Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 240,000	\$ 207,970	\$ 225,000	\$ 6,129	\$ 465,000	\$ 214,099
2015	245,000	196,330	125,000	4,555	370,000	200,885
2016	270,000	183,849	-	-	270,000	183,849
2017	300,000	167,974	-	-	300,000	167,974
2018	320,000	148,720	-	-	320,000	148,720
2019 - 2023	1,859,999	568,689	-	-	1,859,999	568,689
2024 - 2025	785,000	41,316	-	-	785,000	41,316
	<u>\$ 4,019,999</u>	<u>\$ 1,514,848</u>	<u>\$ 350,000</u>	<u>\$ 10,684</u>	<u>\$ 4,369,999</u>	<u>\$ 1,525,532</u>

NOTE 12 – BONDS PAYABLE

Bonds payable at year end consisted of:

	Outstanding June 30, 2012	Additions	Deductions	Outstanding June 30, 2013	Due within 1 year
General obligation bonds					
School Improvement, (1999)					
6.125% through 2024	\$ 985,000	\$ -	\$ -	\$ 985,000	\$ -
Building construction, (2001)					
5.280% through 2023	820,000	-	100,000	720,000	100,000
Refunding bonds, (2006)					
4.000% through 2024	1,680,000	-	110,000	1,570,000	130,000
Refunding bonds, (2011)					
Term and serial bonds					
2.9% - 3.8% through 2024	700,000	-	10,000	690,000	10,000
Capital appreciation bonds					
3.9% - 3.8% through 2020	54,999	-	-	54,999	-
Accretion on capital appreciation bonds	8,780	8,116	-	16,896	-
	<u>\$ 4,248,779</u>	<u>\$ 8,116</u>	<u>\$ 220,000</u>	<u>\$ 4,036,895</u>	<u>\$ 240,000</u>

At June 30, 2013, \$ 1,580,000 of the 1999 general obligation bonds and \$ 775,000 of the 2001 general obligation bonds are considered to be defeased.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 13 – LOANS PAYABLE

Loans payable at year end consisted of:

	<u>Outstanding June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2013</u>
Buckeye Community Bank loan				
Track renovation (2010), 5.000% through 2013	\$ 31,840	\$ -	\$ 31,840	\$ -
Parking lot repair (2012), 5.000% through 2014	91,151	-	91,151	-
	<u>\$ 122,991</u>	<u>\$ -</u>	<u>\$ 122,991</u>	<u>\$ -</u>

NOTE 14 - NOTES PAYABLE

Notes payable during the year consisted of the following tax anticipation notes:

	<u>Outstanding June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2013</u>
Short-term				
Tax anticipation note, 1.50% issued 12/21/2012, due 6/30/2013	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ -</u>
Long-term				
Tax anticipation note, 3.36% issued 6/30/2013, due 7/10/2015	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>

NOTE 15 – LEASES

The School District leases certain equipment under non-cancelable leases. The School District disbursed \$ 71,937 to pay lease costs for the fiscal year ended June 30, 2013. Future lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2014	\$ 71,937
2015	71,937
2016	24,317
Total	<u>\$ 168,191</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 16 – SET-ASIDE REQUIREMENTS

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. The following cash basis information identifies the changes in the fund balance reserves for capital maintenance during fiscal year 2013.

	Capital Maintenance
Balance, July 1, 2012	\$ -
Required set aside	289,768
Offsetting credits	(128,137)
Qualifying expenditures	(104,779)
Balance June 30, 2013	\$ 56,852

The amount required by State statute to be set aside to create a reserve for capital maintenance is limited to the pooled cash balance in the General Fund

NOTE 17 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General Fund	Classroom Facilities Maintenance Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Restricted for:					
Debt service	\$ -	\$ -	\$ 297,632	\$ -	\$ 297,632
Food service operations	-	-	-	11,416	11,416
Extracurricular	-	-	-	29,288	29,288
State grants	-	-	-	2,700	2,700
Federal grants	-	-	-	58,927	58,927
Other donations	-	-	-	32,849	32,849
Capital maintenance	-	105,865	-	-	105,865
Set asides	56,852	-	-	-	56,852
Total restricted	56,852	105,865	297,632	135,180	595,529
Assigned for					
Other purposes	88,003	-	-	-	88,003
Total assigned	88,003	-	-	-	88,003
Unassigned	135,444	-	-	-	135,444
Total fund balances	\$ 280,299	\$ 105,865	\$ 297,632	\$ 135,180	\$ 818,976

CLEARVIEW LOCAL SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 18 - INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2013 consisted of the following:

Transfer to:	Transfer from:		
	General Fund	Agency Fund	Total
Debt Service Fund	\$ 352,654	\$ -	\$ 352,654
Nonmajor governmental funds	143,003	828	143,831
Agency funds	7,558	-	7,558
	\$ 503,215	\$ 828	\$ 504,043

Interfund transfers to the Debt Service Fund were made for debt service principal and interest payments. Interfund transfers to nonmajor governmental funds and to agency funds were made to provide for the payment of expenditures or to close inactive programs.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

A. NORTH COAST COUNCIL

The North Coast Council (the Council) is a jointly governed organization comprised of thirty school districts. The jointly governed organization was formed to provide data processing services for accounting, administrative and instructional functions of member districts. Each of the governments of these districts supports the Council based upon a per pupil charge dependent upon the software packages utilized. The Council assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent.

The Council is governed by a board of directors chosen from the general membership of the Council assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2013, the School District paid \$ 48,076 to the Council.

B. LAKE ERIE REGIONAL COUNCIL OF GOVERNMENTS (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization among fourteen districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, food service and insurance. Each member provided operating resources to LERC on a per pupil or usage charge except for insurance. The LERC assembly consists of a superintendent or designated representative from each participating district and the fiscal agent. LERC is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2013, the School District paid \$ 1,476,539 to LERC.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (continued)

C. LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

The Lorain County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide vocational and special education needs of the students. The Board of the Lorain County Joint Vocational School District is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, accounting, and financing related activities.

Each School District's control is limited to its representation on the Board. The Clearview Local School District's students may attend the Lorain County Joint Vocational School District. Financial information can be obtained by contacting the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44074.

D. OHIO SCHOOLS COUNCIL

The Ohio Schools Council (Council) is a jointly governed organization among 126 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director at the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Energy USA served as the the natural gas supplier and program manager from October 1, 2008 to September 30, 2010. Compass Energy has been selected as the new supplier and program manager for the period from October 1, 2010 through March 31, 2013. There are currently 147 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

NOTE 20 - CONTINGENCIES

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become the responsibility of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2013.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster						
School Breakfast Program	2013	10.553	\$ 203,301	\$ -	\$ 203,301	\$ -
National School Lunch Program	2013	10.555	437,581	38,800	437,581	38,800
Total Nutrition Cluster			<u>640,882</u>	<u>38,800</u>	<u>640,882</u>	<u>38,800</u>
Fresh Fruit and Vegetable Program	2013	10.582	26,006	-	26,006	-
Total U.S. Department of Agriculture			<u>666,888</u>	<u>38,800</u>	<u>666,888</u>	<u>38,800</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education</i>						
Title I Cluster:						
Title I	2012	84.010	107,215	-	119,292	-
Title I	2013	84.010	467,994	-	463,084	-
ARRA -Title I Part A Stimulus	2011	84.389	7,045	-	5,417	-
Total Title I Cluster			<u>582,254</u>	<u>-</u>	<u>587,793</u>	<u>-</u>
Special Education						
IDEA Part B	2012	84.027	17,393	-	17,580	-
IDEA Part B	2013	84.027	293,190	-	268,343	-
Total Special Education			<u>310,583</u>	<u>-</u>	<u>285,923</u>	<u>-</u>
Title II, Part D - Education Technology						
Total Title II, Part D - Education Technology	2012	84.318	3,559	-	241	-
			<u>3,559</u>	<u>-</u>	<u>241</u>	<u>-</u>
Improving Teacher Quality, Title II-A						
Improving Teacher Quality, Title II-A	2012	84.367	4,658	-	2,763	-
Improving Teacher Quality, Title II-A	2013	84.367	63,478	-	64,267	-
Total Improving Teacher Quality, Title II-A			<u>68,136</u>	<u>-</u>	<u>67,030</u>	<u>-</u>
Education Stabilization						
Race to the Top - Stimulus	2012	84.395	-	-	695	-
Race to the Top - Stimulus	2013	84.395	21,367	-	8,952	-
Total Race to the Top			<u>21,367</u>	<u>-</u>	<u>9,647</u>	<u>-</u>
Education Jobs	2012	84.410	151,826	-	152,688	-
Total U.S. Department of Education			<u>1,193,763</u>	<u>-</u>	<u>1,156,078</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medicaid Assistance Program	2013	93.778	6,906	-	6,906	-
Cooperative Agreement to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Programs	2013	93.938	-	-	5,000	-
Total U.S. Department of Health and Human Services			<u>6,906</u>	<u>-</u>	<u>11,906</u>	<u>-</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,867,557</u>	<u>\$ 38,800</u>	<u>\$ 1,834,872</u>	<u>\$ 38,800</u>

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

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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





# Dave Yost • Auditor of State

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

Clearview Local School District  
Lorain County  
4700 Broadway Avenue  
Lorain, Ohio 44052

To the Board of Education:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clearview Local School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 26, 2014, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2013-001.

*Entity's Response to Findings*

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

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 26, 2014



# Dave Yost • Auditor of State

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

Clearview Local School District  
Lorain County  
4700 Broadway Avenue  
Lorain, Ohio 44052

To the Board of Education

### ***Report on Compliance for Each Major Federal Program***

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings and questioned costs as item 2013-002. This finding did not require us to modify our compliance opinion on the major federal program.

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

### ***Report on Internal Control Over Compliance***

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings and questioned costs as item 2013-002.

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

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

Clearview Local School District  
Lorain County  
Independent Auditor's Report on Compliance with Requirements  
Applicable to Its Major Federal Program and On Internal Control  
Over Compliance Required by OMB Circular A-133  
Page 3

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 26, 2014

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**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<u>Title I Cluster:</u> ARRA and non-ARRA Title I Grants to Local Educational Agencies – CFDA #84.389 and 84.010  <u>Child Nutrition Cluster:</u> National School Lunch Program – CFDA #10.555; National School Breakfast Program – CFDA #10.553
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013  
(Continued)**

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

**FINDING NUMBER 2013-001**

**Noncompliance Citation – Financial Reporting**

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Administrative Code § 117-2-03 (B), which further clarifies the requirements of Ohio Revised Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the District’s accounting practice and GAAP, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles.

*Official’s Response:*

The District chose to report our financial statements on the cash-basis of accounting as a cost-saving measure. The combined cost savings between the financial compilation and the audit were greater than \$5,000.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**Noncompliance/Questioned Costs/Significant Deficiency - Unallowable Costs**

<b>Finding Number</b>	2013-002
<b>CFDA Title and Number</b>	84.010 & 84.389
<b>Federal Award Number / Year</b>	2013
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

2 CFR Part 225 establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally-recognized Indian tribal governments (governmental units).



**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013  
(Continued)**

**FINDING NUMBER 2013-002 (Continued)**

**Noncompliance/Questioned Costs/Significant Deficiency - Unallowable Costs (Continued)**

Appendix A subsection C.(1).b states that to be allowable under Federal awards, costs must be allocable to Federal awards under the provisions of 2 CFR art 225. Section C(3)(a) states a cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

Appendix B subsection 8.h.(4) states that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5) of this appendix unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

We identified one employee, a grants administrator, in which the District charged the employee's entire salary and fringe benefits to the Title I federal program. However, the employee worked on multiple federal awards, non-Federal awards, and unallowable activities.

The District did not maintain personnel activity reports also known as "time and effort" documentation for this employee, therefore these costs charged to this program were not allocated properly and are deemed unallowable.

Based on the above non-compliance and lack of personnel activity reports for this employee we are questioning expenditures totaling \$15,823 charged to this federal program.

We recommend the District establish procedures, including the appropriate use of "time and effort" documentation, to ensure all expenditures charged to federal program are allocable under 2 CFR Part 225.

*Official's Response:*

The District has changed the way the grants administrator's salary is charged to Title I. Also, we are keeping detailed time and effort reports for her time worked.

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Clearview Local School District  
Lorain County  
4700 Broadway Avenue  
Lorain, Ohio 44052

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

1. We noted the Board amended its anti-harassment policy at its meeting on October 10, 2011 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act"

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

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 26, 2014

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801

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**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
June 30, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	No corrective action planned.	N/A	Sean Nuccio, Treasurer
2013-002	The Grants Administrator is keeping a time and effort work sheet. Her salary is allocated based on her time worked on Title I.	Already completed	Sean Nuccio, Treasurer

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
June 30, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	No corrective action planned.	N/A	Sean Nuccio, Treasurer
2013-002	The Grants Administrator is keeping a time and effort work sheet. Her salary is allocated based on her time worked on Title I.	Already completed	Sean Nuccio, Treasurer



# Dave Yost • Auditor of State

**CLEARVIEW LOCAL SCHOOL DISTRICT**

**LORAIN 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  
MARCH 11, 2014**