



Dave Yost • Auditor of State

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Lincolnview Local School District, Van Wert 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, the major fund, and the aggregate remaining fund information of Lincolnview Local School District, Van Wert County, Ohio, as of June 30, 2013, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

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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 2 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.

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, Fund Balances, General Fund Receipts, General Fund Disbursements, and Long-term Obligations. 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 derive 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 August 30, 2013, 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.



Dave Yost
Auditor of State

Columbus, Ohio

August 30, 2013

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The management's discussion and analysis of the Lincolnview Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- The total net position of the District increased \$547,578 or 4.31% from fiscal year 2012.
- General receipts accounted for \$7,535,380 or 70.40% of total governmental activities receipts. Program specific receipts accounted for \$3,168,691 or 29.60% of total governmental activities receipts.
- The District had \$10,156,493 in disbursements related to governmental activities; \$3,168,691 of these disbursements was offset by program specific charges for services, grants or contributions. General receipts (primarily taxes) of \$7,535,380 were adequate to provide for these programs.
- The District's major fund is the general fund. The general fund, the District's largest major fund, had receipts and other financing sources of \$8,728,315 in 2013. The disbursements of the general fund, totaled \$8,072,517 in 2013. The general fund's balance increased \$655,798 from 2012 to 2013.

Using the Basic Financial Statements

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

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

Basis of Accounting

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)
(Continued)**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and statement of activities reflect how the District did financially during fiscal year 2013, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental type activities of the District at the fiscal year end. The statement of activities compares cash disbursements with program receipts of each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of the particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)
(Continued)**

Notes to the Financial Statements

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

The District as a Whole

The table below provides a summary of the District's net position for 2013 and 2012.

Net Position – Cash Basis		
	Governmental Activities	
	2013	2012
Assets:		
Current and other assets	\$13,263,346	\$12,715,768
Total assets	13,263,346	12,715,768
Net Position:		
Restricted	1,663,841	1,767,448
Unrestricted	11,599,505	10,948,320
Total net assets	\$13,263,346	\$12,715,768

The total net position of the District increased \$547,578, which represents a 4.31% increase from fiscal year 2012.

The balance of government-wide unrestricted net position of \$11,599,505 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net position for fiscal year 2013 and 2012.

Change in Net Position – Cash Basis		
	Governmental Activities	
	2013	2012
Receipts:		
Program receipts:		
Charges for services and sales	\$ 2,169,742	\$ 2,174,005
Operating grants and contributions	990,949	1,196,944
Capital grants and contributions	8,000	12,220
Total program receipts	3,168,691	3,383,169
General receipts:		
Property and other taxes	3,272,613	3,147,683
Payments in lieu of taxes	79,000	79,000
Grants and entitlements not restricted to specific programs	4,124,261	4,034,507
Investment earnings	31,269	56,188
Other	28,237	55,528
Total general receipts	7,535,380	7,372,906
Total receipts	10,704,071	10,756,075

(Continued)

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)
(Continued)**

**Change in Net Position – Cash Basis
(Continued)**

	Governmental Activities	
	2013	2012
Disbursements:		
Instruction:		
Regular	\$ 3,441,467	\$ 3,461,947
Special	1,233,875	1,181,411
Vocational	161,561	161,135
Adult/continuing	659	660
Other	866,139	834,735
Support services:		
Pupil	174,376	174,314
Instructional staff	242,720	285,572
Board of education	31,720	32,316
Administration	766,524	826,979
Fiscal	307,543	303,750
Operations and maintenance	648,938	631,369
Pupil transportation	557,129	421,202
Central	15,634	19,574
Operation of non-instructional services:		
Food service operations	339,793	335,604
Other non-instructional services	22,743	20,784
Extracurricular activities	251,425	245,382
Facilities acquisition and construction	169,596	143,240
Debt service:		
Principal retirement	450,000	395,000
Interest and fiscal charges	474,651	486,251
Total disbursements	<u>10,156,493</u>	<u>9,961,225</u>
Change in net position	547,578	794,850
Net position at beginning of year	<u>12,715,768</u>	<u>11,920,918</u>
Net position at end of year	<u>\$13,263,346</u>	<u>\$12,715,768</u>

Governmental Activities

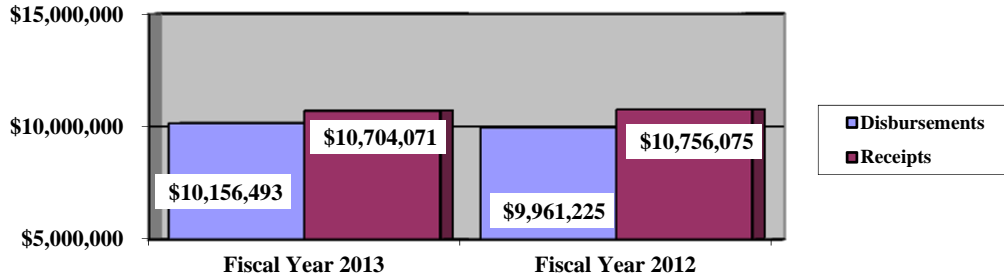
Governmental net position increased by \$547,578 in 2013 from 2012. Total governmental disbursements of \$10,156,493 were offset by program receipts of \$3,168,691 and general receipts of \$7,535,380. Program receipts supported 31.20% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from property taxes and grants and entitlements. These receipt sources represent 69.10% of total governmental receipts. Real estate property is reappraised every six years.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)
(Continued)**

Governmental Activities - Total Receipts vs. Total Disbursements



Governmental Activities

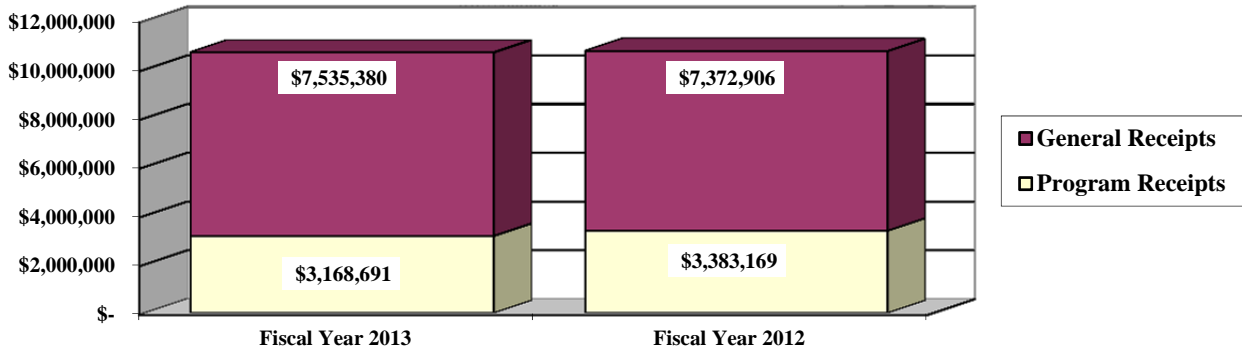
	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Disbursements:				
Instruction:				
Regular	\$ 3,441,467	\$1,987,495	\$3,461,947	\$2,064,632
Special	1,233,875	189,616	1,181,411	35,880
Vocational	161,561	118,088	161,135	119,930
Adult/continuing	659	659	660	660
Other	866,139	866,139	834,735	834,735
Support services:				
Pupil	174,376	169,964	174,314	165,977
Instructional staff	242,720	201,140	285,572	244,388
Board of education	31,720	26,139	32,316	20,487
Administration	766,524	704,900	826,979	582,479
Fiscal	307,543	307,543	303,750	303,750
Operations and maintenance	648,938	638,021	631,369	617,494
Pupil transportation	557,129	557,129	421,202	421,202
Central	15,634	12,034	19,574	15,974
Operation of non- instructional services:				
Food service operations	339,793	(22,423)	335,604	(11,256)
Other non-instructional services	22,743	2,584	20,784	(1,246)
Extracurricular activities	251,425	134,527	245,382	138,479
Facilities acquisition and construction	169,596	169,596	143,240	143,240
Debt service:				
Principal retirement	450,000	450,000	395,000	395,000
Interest and fiscal charges	474,651	474,651	486,251	486,251
Total	<u>\$10,156,493</u>	<u>\$6,987,802</u>	<u>\$9,961,225</u>	<u>\$6,578,056</u>

The dependence upon general receipts for governmental activities is apparent; with 68.80% of disbursements supported through taxes and other general receipts during 2013.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)
(Continued)**

Governmental Activities – General and Program Receipts



The District's Funds

The District's governmental funds reported a combined fund balance of \$13,263,346, which is \$547,578 above last year's total of \$12,715,768. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and June 30, 2012, for all major and nonmajor governmental funds.

	Fund Balance June 30, 2013	Fund Balance June 30, 2012	Increase (Decrease)
Major Funds:			
General	\$11,598,926	\$10,943,128	\$655,798
Other Non-major Governmental Funds	1,664,420	1,772,640	(108,220)
Total	\$13,263,346	\$12,715,768	\$547,578

General Fund

The general fund, the District's largest major fund, had receipts and other financing uses of \$8,728,315 in 2013. The disbursements of the general fund, totaled \$8,072,517 in 2013. The general fund's balance increased \$655,798 from 2012 to 2013.

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

	2013 Amount	2012 Amount	Percentage Change
Receipts:			
Taxes	\$2,241,165	\$2,207,755	1.51 %
Tuition	1,842,579	1,845,912	(0.18) %
Classroom materials and fees	34,245	40,292	(15.01) %
Earnings on investments	31,062	56,046	(44.58) %
Other local revenues	64,664	96,843	(33.23) %
Payments in lieu of taxes	79,000	79,000	- %
Intergovernmental – State and Federal	4,360,923	4,272,672	2.07 %
Total	\$8,653,638	\$8,598,520	0.64 %

Classroom materials and fees decreased due to a decrease in the sale of workbooks. Earnings on investments decreased due to lower interest rates during the year. The decrease in other local revenues was due primarily to a decrease in public school support. All other receipts remained comparable to 2012.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)
(Continued)**

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

	2013 Amount	2012 Amount	Percentage Change	
Disbursements:				
Instructional	\$5,456,380	\$5,367,047	1.66	%
Support services	2,410,681	2,309,303	4.39	%
Extracurricular	142,156	140,292	1.33	%
Total	<u><u>\$8,009,217</u></u>	<u><u>\$7,816,642</u></u>	2.46	%

Disbursements remained comparable to 2013. Overall, disbursements increased \$192,575 from 2012.

Budgeting Highlights – General Fund

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

For the general fund, the original and final budget basis receipts and other financing sources were \$8,431,336 and \$8,687,300 respectively. Actual receipts and other financing sources of \$8,678,570 were less than final budgeted estimates in the amount of \$8,730. The original and final budgetary basis disbursements and other financing uses were \$8,334,877. The actual budgetary basis disbursements and other financing uses of \$8,020,317 were \$314,560 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had facilities acquisition and construction disbursements of \$169,596 during fiscal year 2013.

Debt Administration

The District had the following long-term obligations outstanding at June 30, 2013 and 2012:

	Governmental Activities 2013	Governmental Activities 2012
General obligation bonds	<u>\$11,107,345</u>	<u>\$11,430,889</u>
Total long-term obligations	<u><u>\$11,107,345</u></u>	<u><u>\$11,430,889</u></u>

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)
(Continued)**

Current Financial Related Activities

The District is holding its own in a State with declining economy and uncertainty in State funding. Lincolnview is a small rural local school district encompassing 145 square miles in Northwest Ohio. It has a limited number of small and medium businesses with agriculture having a large influence on the economy.

The District is currently operating in the second year of a biennium budget. Per ODE FY 2012 information, approximately 48 percent of the District's receipt source is from local funds, 47 percent is from State funds and the remaining 5 percent is from Federal funds. The total disbursement per pupil was calculated at \$8,909.

Over the past several years, the District has remained in good financial position. Since fiscal year 1997, The District has operated at a surplus meaning that revenues have exceeded expenditures each year since 1997. However, future finances are not without challenges as State funding is revised. Some of these challenges are in the areas of State funding for schools in the light of the DeRolph court case and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

Contacting the District's Financial Management

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

LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2013

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents	\$13,260,760
Cash with fiscal agent	<u>2,586</u>
Total assets	<u>13,263,346</u>
Net position:	
Restricted for:	
Capital projects	867,963
Classroom facilities maintenance	183,513
Debt service	336,131
Federally funded programs	2,586
Student activities	34,487
Other purposes	239,161
Unrestricted	<u>11,599,505</u>
Total net position	<u><u>\$13,263,346</u></u>

See accompanying notes to the basic financial statements.

LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Disbursements	Program Receipts			Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$3,441,467	\$1,447,570	\$6,402		(\$1,987,495)
Special	1,233,875	423,049	633,008		(177,818)
Vocational	161,561		43,473		(118,088)
Adult/continuing	659				(659)
Other	866,139				(866,139)
Support services:					
Pupil	174,376		4,412		(169,964)
Instructional staff	242,720	712	29,070		(212,938)
Board of education	31,720		5,581		(26,139)
Administration	766,524	5,493	56,131		(704,900)
Fiscal	307,543				(307,543)
Operations and maintenance	648,938	2,917		8,000	(638,021)
Pupil transportation	557,129				(557,129)
Central	15,634		3,600		(12,034)
Operation of non-instructional services:					
Other non-instructional services	22,743	13,800	6,359		(2,584)
Food service operations	339,793	179,822	182,394		22,423
Extracurricular activities	251,425	96,379	20,519		(134,527)
Facilities acquisition and construction	169,596				(169,596)
Debt service:					
Principal retirement	450,000				(450,000)
Interest and fiscal charges	474,651				(474,651)
Total governmental activities	<u>\$10,156,493</u>	<u>\$2,169,742</u>	<u>\$990,949</u>	<u>\$8,000</u>	<u>(6,987,802)</u>
General receipts:					
Property taxes levied for:					
					2,241,165
					861,150
					138,225
					32,073
					79,000
					4,124,261
					31,269
					28,237
					<u>7,535,380</u>
					547,578
					<u>12,715,768</u>
					<u>\$13,263,346</u>

See accompanying notes to the basic financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$11,598,926	\$1,661,834	\$13,260,760
Cash with fiscal agent		2,586	2,586
Total assets	<u>11,598,926</u>	<u>1,664,420</u>	<u>13,263,346</u>
Fund balances:			
Restricted:			
Debt service		336,131	336,131
Capital improvements		867,963	867,963
Classroom facilities maintenance		183,513	183,513
Food service operations		236,455	236,455
Special education		2,586	2,586
Other purposes		2,706	2,706
Extracurricular		34,487	34,487
Committed:			
Latchkey program		4,381	4,381
Assigned:			
Student and staff support	23,666		23,666
Other purposes	212		212
Unassigned (deficit)	<u>11,575,048</u>	<u>(3,802)</u>	<u>11,571,246</u>
Total fund balances	<u>\$11,598,926</u>	<u>\$1,664,420</u>	<u>\$13,263,346</u>

See accompanying notes to the basic financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH
BASIS FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	General	Non-major Governmental Funds	Total Governmental Funds
Receipts:			
From local sources:			
Taxes	\$2,241,165	\$1,031,448	\$3,272,613
Tuition	1,842,579	13,800	1,856,379
Earnings on investments	31,062	207	31,269
Charges for services		179,822	179,822
Extracurricular		96,379	96,379
Classroom materials and fees	34,245		34,245
Rental income	2,917		2,917
Contributions and donations	7,396	36,203	43,599
Other local revenues	54,351	10,555	64,906
Intergovernmental - state	4,349,518	191,595	4,541,113
Intergovernmental - federal	11,405	479,047	490,452
Payment in lieu of taxes	79,000		79,000
Total receipts	<u>8,653,638</u>	<u>2,039,056</u>	<u>10,692,694</u>
Disbursements:			
Current:			
Instruction:			
Regular	3,441,467		3,441,467
Special	987,554	246,321	1,233,875
Vocational	160,561	1,000	161,561
Adult/continuing	659		659
Other	866,139		866,139
Support services:			
Pupil	169,944	4,432	174,376
Instructional staff	206,583	36,137	242,720
Board of education	31,638	82	31,720
Administration	749,584	16,940	766,524
Fiscal	273,717	33,826	307,543
Operations and maintenance	570,707	78,231	648,938
Pupil transportation	396,474	160,655	557,129
Central	12,034	3,600	15,634
Operation of non-instructional services:			
Food service operations		339,793	339,793
Operation of non-instructional		22,743	22,743
Extracurricular activities	142,156	109,269	251,425
Facilities acquisition and construction		169,596	169,596
Debt service:			
Principal retirement		450,000	450,000
Interest and fiscal charges		474,651	474,651
Total disbursements	<u>8,009,217</u>	<u>2,147,276</u>	<u>10,156,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>644,421</u>	<u>(108,220)</u>	<u>536,201</u>
Other financing sources (uses):			
Sale of assets	11,377		11,377
Advances in	63,300	63,100	126,400
Advances (out)	(63,300)	(63,100)	(126,400)
Total other financing sources (uses)	<u>11,377</u>	<u></u>	<u>11,377</u>
Net change in fund balances	655,798	(108,220)	547,578
Fund balances at beginning of year	10,943,128	1,772,640	12,715,768
Fund balances at end of year	<u>\$11,598,926</u>	<u>\$1,664,420</u>	<u>\$13,263,346</u>

See accompanying notes to the basic financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts:				
From local sources:				
Taxes	\$2,177,320	\$2,243,420	\$2,241,165	(\$2,255)
Tuition	1,790,088	1,844,433	1,842,579	(1,854)
Earnings on investments	30,177	31,093	31,062	(31)
Classroom materials and fees	27,241	28,068	28,040	(28)
Rental income	2,834	2,920	2,917	(3)
Contributions and donations	5,343	5,506	5,500	(6)
Other local revenues	6,220	6,408	6,402	(6)
Intergovernmental - state	4,225,609	4,353,894	4,349,518	(4,376)
Intergovernmental - federal	11,080	11,416	11,405	(11)
Payment in lieu of taxes	76,749	79,079	79,000	(79)
Total receipts	<u>8,352,661</u>	<u>8,606,237</u>	<u>8,597,588</u>	<u>(8,649)</u>
Disbursements:				
Current:				
Instruction:				
Regular	3,553,410	3,553,410	3,419,303	134,107
Special	1,026,287	1,026,287	987,554	38,733
Vocational	166,858	166,858	160,561	6,297
Adult/continuing	685	685	659	26
Other	900,109	900,109	866,139	33,970
Support services:				
Pupil	176,609	176,609	169,944	6,665
Instructional staff	208,366	208,366	200,502	7,864
Board of education	33,918	33,918	32,638	1,280
Administration	730,224	730,224	702,665	27,559
Fiscal	284,452	284,452	273,717	10,735
Operations and maintenance	593,090	593,090	570,707	22,383
Pupil transportation	412,024	412,024	396,474	15,550
Central	12,506	12,506	12,034	472
Extracurricular activities	147,731	147,731	142,156	5,575
Total disbursements	<u>8,246,269</u>	<u>8,246,269</u>	<u>7,935,053</u>	<u>311,216</u>
Excess of receipts over disbursements	<u>106,392</u>	<u>359,968</u>	<u>662,535</u>	<u>302,567</u>
Other financing sources (uses):				
Sale of assets	9,893	11,429	11,377	(52)
Refund of prior year's receipts	(25,441)	(25,441)	(22,106)	3,335
Refund of prior year's disbursements	5,482	6,334	6,305	(29)
Advances in	63,300	63,300	63,300	
Advances (out)	(63,100)	(63,100)	(63,100)	
Other uses	(67)	(67)	(58)	9
Total other financing sources (uses)	<u>(9,933)</u>	<u>(7,545)</u>	<u>(4,282)</u>	<u>3,263</u>
Net change in fund balance	96,459	352,423	658,253	305,830
Fund balance at beginning of year	10,916,395	10,916,395	10,916,395	
Prior year encumbrances appropriated	400	400	400	
Fund balance at end of year	<u>\$11,013,254</u>	<u>\$11,269,218</u>	<u>\$11,575,048</u>	<u>\$305,830</u>

See accompanying notes to the basic financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION - CASH POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalent	\$13,661	\$29,783
Net position:		
Endowment	5,000	
Held in trust for scholarships	8,661	
Held for student activities		29,783
Total net position	\$13,661	\$29,783

See accompanying notes to the basic financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Private Purpose Trust
	Scholarship
Additions:	
Gifts and contributions	\$1,250
Interest	33
Total additions	1,283
Deductions:	
Scholarships awarded	250
Change in net position	1,033
Net position at beginning of year	12,628
Net position at end of year	\$13,661

See accompanying notes to the basic financial statements.

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. REPORTING ENTITY

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

The average daily membership (ADM) as of June 30, 2013 was 926. It is staffed by 6 administrators, 39 classified employees and 62 certified teaching personnel, who provide services to the students and other community members. The Board oversees the operations of the District's instructional/support facility.

A. Primary Government

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

B. Component Units

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

C. Other Organizations

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

Jointly Governed Organizations

Northwest Ohio Area Computer Services Cooperative (NOACSC)

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

1. REPORTING ENTITY - (Continued)

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

Northwestern Ohio Educational Research Council, Inc. (NOERC)

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

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

Vantage Career Center

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

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

A. Basis of Accounting

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

B. Basis of Presentation

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

- 1. Government-wide Financial Statements** - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

- 2. Fund Financial Statements**

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

C. Fund Accounting

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

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

The following is the District's major governmental fund:

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

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

2. 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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust fund accounts for student scholarships. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student managed activities.

D. Budgetary Process

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

1. Tax Budget:

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources:

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

3. Appropriations:

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

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

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

E. Cash and Investments

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

During fiscal year 2013, investments were limited to non-negotiable certificates of deposit, negotiable certificates of deposit, U.S. government money market mutual funds and State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has invested funds in STAR Ohio during fiscal year 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2013.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the District, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$31,062, which includes \$4,076 assigned from other funds.

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

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Compensated Absences

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

I. Employer Contributions to Cost-Sharing Pension Plans

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

J. Long-Term Obligations

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

K. Fund Balance

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

Non-spendable - The non-spendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 (the highest level of decision making authority). 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 District for specific purposes, but do not meet the criteria to be classified as restricted nor 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, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

L. Net Cash Position

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund loans are reported as advances-in and advances-out, Advances are not reflected as assets and liabilities in the accompanying financial statements. Interfund transfers and advances are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements. Interfund activity between governmental funds are eliminated on the statements of net position – cash basis and the statement of activities – cash basis.

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 did not have an effect on the financial statements of the District.

B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the 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, nets position/fund balances and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash with Fiscal Agent

At fiscal year end, the District had \$2,586 on deposit with a fiscal agent. This amount is not included in the total amount of deposits reported below. This amount is not part of the internal cash pool and is reported separately on the financial statements as "cash with fiscal agent".

B. Cash on Hand

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

C. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$9,421,841. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, \$5,288,360 of the District's bank balance of \$9,578,207 was exposed to custodial risk as discussed below, while \$4,289,847 was covered by the FDIC.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

D. Investments

As of June 30, 2013, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
U.S. Government money market mutual fund	\$ 206,557	\$ 206,557	
Negotiable certificates of deposit STAR Ohio	987,028	492,045	\$494,983
	<u>2,685,407</u>	<u>2,685,407</u>	
Total	<u>\$3,878,992</u>	<u>\$3,384,009</u>	<u>\$494,983</u>

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

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

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Government money market mutual fund	\$ 206,557	5.33
Negotiable certificates of deposit STAR Ohio	987,028	25.45
	<u>2,685,407</u>	<u>69.22</u>
Total	<u>\$3,878,992</u>	<u>100.00</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

9. Reconciliation of Cash and Investments to the Statement of Net Position - Cash Basis

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2013:

Cash and investments per note:	
Carrying amount of deposits	\$ 9,421,841
Investments	3,878,992
Cash on hand	3,371
Cash with fiscal agent	2,586
Total	<u>\$13,306,790</u>

Cash and investments per statement of net position:	
Governmental activities	\$13,263,346
Private-purpose trust fund	13,661
Agency funds	29,783
Total	<u>\$13,306,790</u>

5. INTERFUND TRANSACTIONS

During fiscal year 2013, advances consisted of \$63,100 from the general fund to nonmajor governmental funds. During fiscal year 2013, \$63,300 of advances were repaid to the general fund from nonmajor governmental funds.

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

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date.

Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes.

Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

6. PROPERTY TAXES (Continued)

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2013 (other than public utility property) generally represent the collection of calendar year 2012 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2012 were levied after October 1, 2011 on the value as of December 31, 2011. Amounts paid by multi-county taxpayers were due September 20, 2012. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2012, with the remainder payable by September 20, 2012.

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

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end.

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

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$103,835,050	93.60	\$103,774,190	92.84
Industrial/commercial	3,821,540	3.44	4,527,950	4.05
Public utility personal	3,281,070	2.96	3,481,190	3.11
Total	<u>\$110,937,660</u>	<u>100.00</u>	<u>\$111,783,330</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$57.87		\$55.30	

7. PAYMENT IN LIEU OF TAXES

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

8. LONG-TERM OBLIGATIONS

During fiscal year 2013, the following activity occurred in long-term obligations:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within One Year</u>
General obligation bonds:					
Series 2005, refunding:					
Current interest bonds	\$ 3,175,000			\$ 3,175,000	
Capital appreciation bonds	311,173		(\$ 94,236)	216,937	\$ 82,311
Accreted interest	634,716	\$126,456	(210,764)	550,408	227,689
Series 2006, building improvement:					
Current interest bonds	2,630,000		(50,000)	2,580,000	55,000
Series 2006, classroom facilities:					
Current interest bonds	4,680,000		(95,000)	4,585,000	100,000
Total G.O. Bonds	<u>\$11,430,889</u>	<u>\$126,456</u>	<u>(\$450,000)</u>	<u>\$11,107,345</u>	<u>\$465,000</u>

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

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

8. LONG-TERM OBLIGATIONS (Continued)

The scheduled payments of principal and interest on debt outstanding at June 30, 2013 are as follows:

Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 155,000	\$ 467,806	\$ 622,806	\$ 82,311	\$227,689	\$310,000
2015	165,000	460,426	625,426	71,877	243,123	315,000
2016	180,000	452,469	632,469	62,749	257,251	320,000
2017	525,000	436,800	961,800			
2018	555,000	413,522	968,522			
2019 - 2023	3,420,000	1,641,786	5,061,786			
2024 - 2028	2,365,000	922,703	3,287,703			
2029 - 2033	2,975,000	425,524	3,400,524			
Total	\$10,340,000	\$5,221,036	\$15,561,036	\$216,937	\$728,063	\$945,000

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

The Ohio Revised Code further provides that when a Board of Education declares a resolution that the student population is not adequately served by existing facilities and that insufficient capacity exists within the 9 percent limit to finance additional facilities, the State Department of Education may declare that a District is a "special needs" District. This permits the incurrence of additional debt based upon projected 5-year growth of the District's assessed valuation. The District was determined to be a "special needs" District. In addition, the unvoted net debt of a District cannot exceed 0.1 percent of the total assessed value of property. On June 30, 2013, the District had no unvoted debt.

9. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

9. OTHER EMPLOYEE BENEFITS (Continued)

B. Health Care Benefits

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

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the District contracted for the following insurance coverage through the Phelan Insurance Agency:

Commercial property contents - replacement cost (\$2,500 deductible)	\$33,733,000
General liability (\$2,000,000 aggregate)	1,000,000
Per occurrence (includes \$4,000,000 umbrella)	5,000,000
Total per year	6,000,000
Errors and omissions (\$2,500 deductible)	1,000,000

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2012.

Group Purchasing Pools

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

10. RISK MANAGEMENT (Continued)

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

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

11. PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$120,055, \$115,994 and \$107,960, respectively; 75.82 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System of Ohio

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

11. PENSION PLANS (Continued)

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

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$478,304, \$483,514 and \$507,560, respectively; 84.08 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

12. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, .16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,250.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$14,210, \$5,023 and \$13,072, respectively; 75.82 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$6,782, \$6,850 and \$6,947, respectively; 75.82 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

12. POST-EMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$36,793, \$37,193 and \$39,043, respectively; 84.08 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

13. STATUTORY RESERVES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by 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 fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	Capital Improvements
Set-aside reserve balance June 30, 2012	
Current year set-aside requirement	\$153,532
Current year offsets	(163,705)
Current year qualifying expenditures	(94,617)
Total	<u>(\$104,790)</u>
Balance carried forward to fiscal year 2014	<u>\$ 0</u>
Set-aside reserve balance June 30, 2013	<u>\$ 0</u>

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

14. CONTINGENCIES

A. Grants

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

B. Litigation

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

15. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash). The encumbrances outstanding at year end (budgetary basis) amount to \$1,000 in the general fund.

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

<u>Net Change in Fund Balance</u>	
	<u>General Fund</u>
Cash basis	\$655,798
Funds budgeted elsewhere **	3,455
Adjustment for encumbrances	(1,000)
Budget basis	<u>\$658,253</u>

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

16. ENDOWMENTS

The District's private-purpose trust fund included a donor restricted endowment. The endowment, in the amount of \$5,000, represents the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the District is \$8,661 for 2013 and is included as held in trust for students. State law permits the District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used for the special education program.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

17. SERVICE CONTRACT COMMITMENT

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

18. OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the general fund was \$1,000

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
(Passed through Ohio Department of Education)					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555		\$35,613		\$35,613
Cash Assistance					
School Breakfast Program	10.553	\$19,695		\$19,695	
National School Lunch Program	10.555	160,461		160,461	
Total Cash Assistance		<u>180,156</u>		<u>180,156</u>	
Total for Child Nutrition Cluster		<u>180,156</u>		<u>180,156</u>	
Total U.S. Department of Agriculture		<u>180,156</u>	<u>35,613</u>	<u>180,156</u>	<u>35,613</u>
U.S. DEPARTMENT OF EDUCATION					
(Passed through Ohio Department of Education)					
Title I Grants to Local Educational Agencies	84.010	100,935		103,223	
Special Education_Grants to States	84.027	150,114		150,792	
Improving Teacher Quality State Grants	84.367	19,956		19,956	
ARRA Resident Educator - Race to the Top	84.395	700		700	
Education Jobs Fund	84.410	14,004		14,407	
Total U.S. Department of Education		<u>285,709</u>		<u>289,078</u>	
Total Federal Assistance		<u>\$465,865</u>	<u>\$35,613</u>	<u>\$469,234</u>	<u>\$35,613</u>

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL 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 Lincolnview Local School District (the District's) federal award programs' receipts and expenditures. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair 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*

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

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, the major fund, and the aggregate remaining fund information of Lincolnview Local School District, Van Wert County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 30, 2013.

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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
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www.ohioauditor.gov

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.

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

Dave Yost
Auditor of State

Columbus, Ohio

August 30, 2013



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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Lincolnview Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Lincolnview 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 identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal 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 Government'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 the Major Federal Program

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

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on 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, material weaknesses may exist that have not been identified.

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



Dave Yost
Auditor of State

Columbus, Ohio

August 30, 2013

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster: CFDA #10.555 National School Lunch Program CFDA #10.553 School Breakfast Program
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

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

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Lincolnview Local School District (the 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 May 15, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

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

Dave Yost
Auditor of State

August 30, 2013

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Dave Yost • Auditor of State

LINCOLNVIEW LOCAL SCHOOL DISTRICT

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 24, 2013