



Dave Yost • Auditor of State

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lisbon Exempted Village School District
Columbiana County
317 North Market Street
Lisbon, Ohio 44432

To the Board of Education:

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


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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lisbon Exempted Village School District, Columbiana County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

August 17, 2011

Lisbon Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The discussion and analysis in the following pages includes tables and graphic illustrations representing the management's view of the overall performance of the Lisbon Exempted Village School District's financial activities for the fiscal year ended June 30, 2011. It is the chief financial officer's responsibility to report annually on the status of operations and it is with great pleasure that I present to you this overview of the financial position of the School District. The overall intent of this discussion and analysis is to look at the School District's financial activities as a whole and how and why some facts may change its performance in the future. This is intended to be a clear presentation to our taxpayers and any others who may be interested in our School District's finances.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2011 are as follows:

- ✧ The School District's total net assets decreased from \$20,568,921 to \$19,897,134 for a decline of \$671,787 during this year's operations. The net assets of Governmental activities decreased 3.38 percent.
- ✧ Revenues for governmental activities totaled \$10,574,589 in 2011. This total was comprised of General revenues in the amount of \$5,912,864 and program revenues totaling \$4,661,725. Program revenues are grants, fees and donations; general (non-program) revenue is foundation from the State of Ohio and local taxes charged to residents of the School District. In table 2 below, you will find the detailed cost of each program to our School District.
- ✧ Program expenses totaled \$11,246,376. Instructional expenses made up 60.4 percent of this total while support services accounted for 29.1 percent. Other expenses rounded out the remaining 10.5 percent.
- ✧ Outstanding general obligation bonded debt decreased from \$1,395,000 to \$1,250,000 in 2011.

USING THIS ANNUAL REPORT

This annual report is comprised of a series of financial statements and notes pertaining to those statements. These statements are organized so the reader can understand Lisbon Exempted Village School District as a financial whole, or complete operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and the *Statement of Activities* (on pages 13 and 14) provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements start on page 15 and provide the next level of detail. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the School District's operations in more detail than the government-wide statements by providing information about the School District's most significant funds. In the case of Lisbon Exempted Village School District, the general and permanent improvement funds are the only significant funds. The remaining statements provide financial information about activities for which the School District acts solely as an agent for the benefit of those outside the government.

Lisbon Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Reporting the School District as a Whole (district-wide)

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "Is the School District better off or worse off as a result of the year's activities?" The answer to this question is one of the most important issues when analyzing any financial entity. The *Statement of Net Assets* and the *Statement of Activities* answers this question. These are the only two statements that display School District-wide finances. Within these statements, we show the School District divided into two distinct kinds of activities:

- ✧ Governmental Activities – All of the School District's instructional activities are reported here. Property Taxes, State and Federal Grants and fees finance the majority of activity in this group.
- ✧ Business-Type Activities – If the Board of Education sets a fee designed to offset the cost of operating a program, then this defines a business-type activity. The School District does not have any of this type of activity.

Analysis of the School District as a whole begins on page 5. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting method used by most private-sector companies. The most important aspect of accrual accounting is that it takes into account all of the current year's revenues and expenses regardless of when cash is received or paid out.

These statements also display the net assets of the School District and note any changes that occurred during the year. Net assets are the difference between assets and liabilities and they tend to be the leading indicator of financial health. This change in net assets is important because it tells the reader whether, for the School District as a whole, the financial position has improved or declined. The causes of this change may be the result of many factors, some financial and some not. Please investigate the financial factors which may include changes in property tax values or State funding issues before reaching a final conclusion about our School District's financial status. Non-financial factors may include the School District's performance, demographic and socioeconomic factors.

Reporting the School District's Most Significant Funds

Analysis of the School District's major funds begins on page 9. The fund financial statements begin on page 15 and provide detailed information about each significant fund in contrast to the previously described District-wide reporting. Most of the funds are required to be established by State law. Using strict definitions the School District's major governmental funds are the general fund and permanent improvement fund.

Governmental Funds

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

Lisbon Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Activities as reported in the Statement of Net Assets and the Statement of Activities. The relationships (or differences) are reconciled in the financial statements.

The School District as a Whole

The Statement of Net Assets looks at the School District as a whole. The School District's total net assets decreased from a year ago. Table 1, shows a decrease from \$20,568,921 to \$19,897,134. The decrease in Net Assets can be primarily attributed to the increase in long-term liabilities. As a whole the School District did not received funds over this financial period which exceeded the amount of funds expended for its activities. There was an increase in the depreciable capital assets coupled with a decrease in the long-term liabilities due in more than one year. The combination of these two factors with relatively small changes in all other asset and liability categories resulted in a net loss in the total net assets of the School District.

You will see this fact presented in a graph and a table during discussion of the change in net assets.

(Table 1)
Net Assets

	Governmental Activities	
	2011	2010
Assets		
Current and Other Assets	\$ 7,783,508	\$ 7,685,529
Capital Assets	21,689,460	21,330,689
Total Assets	29,472,968	29,016,218
Liabilities		
Long-Term Liabilities	(6,671,319)	(5,694,699)
Other Liabilities	(2,904,515)	(2,752,598)
Total Liabilities	(9,575,834)	(8,447,297)
Net Assets		
Invested In Capital		
Assets, Net of Related Debt	15,657,095	16,264,720
Restricted	1,257,903	1,429,106
Unrestricted	2,982,136	2,875,095
Total Net Assets	\$19,897,134	\$20,568,921

Current and Other Assets increased by \$97,979 in large part due to an increase in Equity and Pooled Cash and Cash Equivalents from the previous period. The Capital Assets showed an increased in the amount of \$358,771 as a result of the net effect of the additions of the capital assets being exceeded by the current fiscal year depreciation.

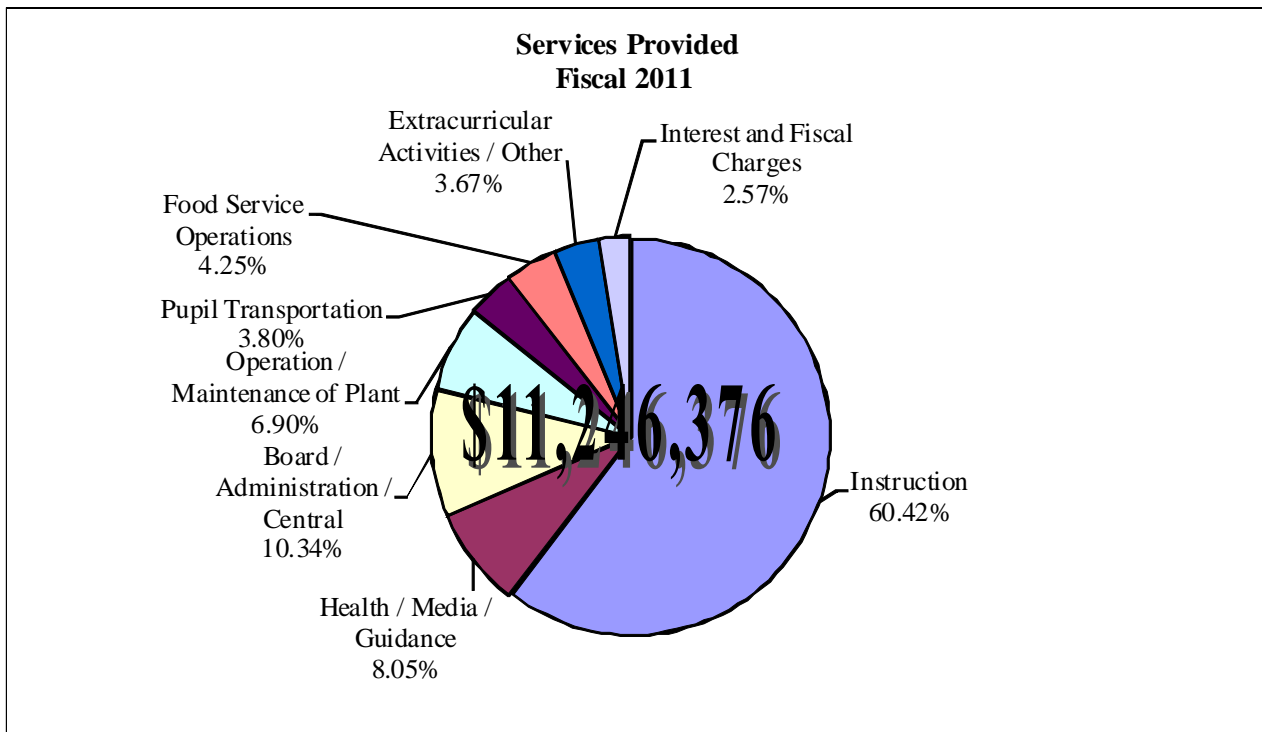
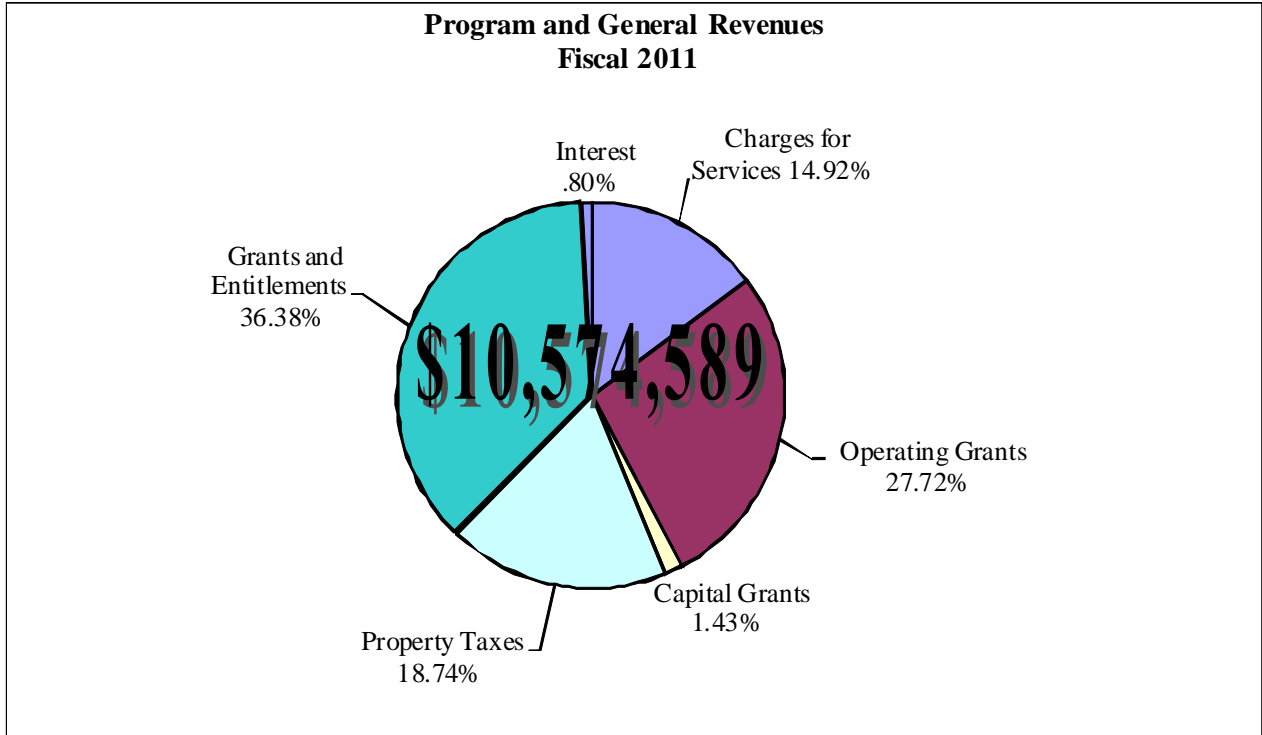
Total Liabilities increased by \$1,128,537 for this reporting period. The most significant factor contributing to the decrease in liabilities was the inception of a lease that financed an energy conservation project. The project utility savings is intended to finance the retirement of the lease debt.

Table 2 highlights the School District's revenues and expenses. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

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For the Fiscal Year Ended June 30, 2011
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Expenses are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure. A comparative analysis of fiscal year 2011 and 2010 follows:

(Chart 1)
Governmental Revenue and Program Expenses



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Management's Discussion and Analysis
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(Table 2)
Governmental Activities

	Governmental Activities 2011	Governmental Activities 2010
Revenues		
Program Revenues:		
Charges for Services and Sales	\$1,577,606	\$1,751,006
Operating Grants and Contributions	2,931,902	3,267,576
Capital Grants	152,217	0
Total Program Revenues	<u>4,661,725</u>	<u>5,018,582</u>
General Revenue:		
Property Taxes	1,981,304	2,268,491
Grants and Entitlements	3,846,075	4,009,378
Interest	85,485	83,241
Total General Revenue	<u>5,912,864</u>	<u>6,361,110</u>
Total Revenues	<u>10,574,589</u>	<u>11,379,692</u>
Program Expenses		
Instruction:		
Regular	5,476,084	5,219,355
Special	1,104,257	752,627
Vocational	92,749	88,116
Intervention	122,162	431,636
Support Services:		
Pupils	475,841	503,166
Instructional Staff	430,009	332,139
Board of Education	28,567	31,119
Administration	819,548	797,257
Fiscal	271,730	265,146
Operation and Maintenance of Plant	775,492	990,978
Pupil Transportation	427,216	418,223
Central	42,889	43,199
Operation of Non-Instructional Services		
Food Service Operations	478,201	496,826
Extracurricular Activities	413,018	297,924
Debt Service:		
Interest and Fiscal Charges	<u>288,613</u>	<u>246,853</u>
Total Expenses	<u>\$11,246,376</u>	<u>\$10,914,564</u>
Increase (Decrease) in Net Assets	<u>(\$671,787)</u>	<u>\$465,128</u>

Chart 1 graphically depicts the breakdown of both the School District's revenue sources and the types of services provided. The School District's reliance upon State funds is demonstrated by this chart which indicates that grants and entitlements, which includes State foundation, comprising 36.38 percent of the total

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Management's Discussion and Analysis
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revenues with property taxes making up 18.74 percent of total revenues. The largest percentage of the services provided at 60.4 percent was instruction which would be appropriate.

Analysis of overall financial position and results of operations

The financial position of the Lisbon Exempted Village School District has improved on the whole over the past fiscal year. There was a decrease in Net Assets over the previous fiscal year which was a result of the investment in energy conservation improvements to the School District's buildings. The results of operations were excellent and stayed within the parameters established at the beginning of the fiscal year. Management was able to make the necessary improvements in services for children without significantly increasing the spending levels for Regular Instruction. The funds spent on building system upgrades should allow for saving in utility costs into the future. Though spending was increased in some areas, the administration was able to streamline the costs of services in other areas to balance over the entire entity's operations. The cash balances were preserved and increased slightly. The School District enjoyed a successful financial year and remains focused on improving operation efficiencies where possible.

The administration is aware of the fact that State funding will drop for the School District over the next five years as demonstrated with the School District's five-year forecast. This drop in State funding is a combination of two factors. One factor is that the method of funding public schools changed during this fiscal and due to the current status of the State's economy, the model is not being totally funded. Any annual increase in State funding was capped at .75% over the previous years funding level. It is anticipated that the Statewide budget will see additional spending level cuts. The other factor is that the School District is also experiencing a decline in student enrollment which results in less funding. With proper planning by the administration the necessary reductions will occur.

In table 3 below the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. The net costs are program costs that must be covered by unrestricted State aid (State Foundation) or local taxes. The difference in these two columns would represent restricted grants, fees and donations.

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

<u>Programs</u>	Total Cost of Services 2011	Net Cost of Services 2011
Instruction	\$6,795,252	\$3,964,103
Support Services:		
Pupils and Instructional Staff	907,850	814,588
Board of Education, Administration, Fiscal and Business Services	1,119,845	775,466
Operation and Maintenance of Plant	775,492	425,413
Pupil Transportation	427,216	148,610
Central	42,889	36,739
Food Service Operations	478,201	(79,174)
Extracurricular Activities	413,018	210,293
Interest and Fiscal Charges	288,613	288,613
Total Expenses	\$11,246,376	\$6,584,651

Lisbon Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

THE DISTRICT'S FUNDS

As previously stated, these funds are accounted for using the modified accrual basis of accounting. All Governmental funds had total revenues of \$10,841,122 and expenditures of \$11,804,019. Overall the total revenues decreased by a total of \$345,961 with a increase in total expenditures of \$1,390,362. The most significant reason for the increase is the energy conservation project cost.

General Fund Financial Activity

The only significant Governmental Fund being reported is the general fund. The balance of the general fund increased by \$69,324. All of the School District's revenue sources had either slight increases or decreases over the previous fiscal year. No particular category was significant, while operational expenditures were increased which facilitated a cash decrease. Cash in the general fund increased by approximately two percent from \$3,896,014 in fiscal year 2010 to \$3,967,601 in the fiscal year 2011 which is an increase of \$71,587.

General Fund Budgetary Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund to be budgeted is the main operating fund of the School District, the General Fund. During the course of fiscal year 2011, the School District amended its general fund budget numerous times which reflected changes in expenditure priorities at the building level. For the General fund, the final budget basis revenue was \$8,145,834 representing a \$139,365 decrease from the original budget estimate of \$8,285,199. Most of this difference was due to a more pessimistic estimate of the State PASS funding distribution as it relates to the pupil enrollment estimates, as well as, a drop in interest earnings. The School District's General fund balance at end of year was \$3,860,625 reflecting additional funds budgeted but not expended or encumbered. The State of Ohio requires the School District to submit a five-year-forecast on or before October 31st and a revised forecast between April 1st and May 31st regardless of the variance in the estimates versus actual activity. This is an additional process that ensures budgeting accuracies.

The School District revises its budget throughout the fiscal year. During fiscal year 2011, there were some significant changes made in the different expenditure line items. Ultimately, the final actual expenditure levels did not approach the amended budget allocations. Modifications to the original budget included the most significant decreases in operation and maintenance of plant due to the utility projections being revised. The adjustments to the other categories of expenditures were minor in comparison, but included regular instruction, special education instruction, intervention instruction, pupil support services and pupil transportation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011 the School District has \$21,689,460 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. The following table shows ending balances of capital assets invested in various categories. Notice that we are showing a depreciation expense of \$840,185 which is a net increase of \$358,771 for the period. You may discern from the following table that there were only minor investments in capital assets during this accounting period. See Note 9 for further information on capital assets.

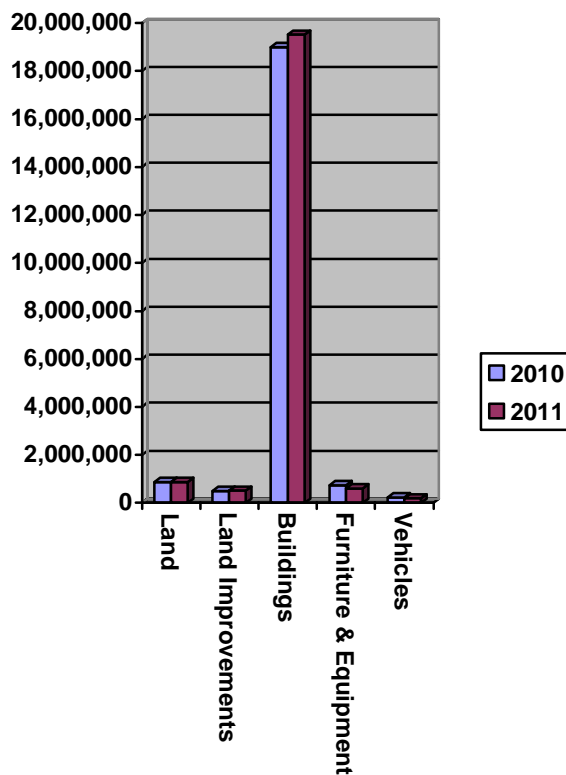
Lisbon Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

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

	Governmental Activities	
	2011	2010
Land	\$870,749	\$870,749
Land Improvements	509,726	487,748
Buildings and Improvements	19,519,275	18,995,244
Furniture and Equipment	597,254	743,142
Vehicles	192,456	233,806
Totals	\$21,689,460	\$21,330,689

The graph on the next page shows the category and depreciated value of our School District's capital assets. The capital asset threshold of the School District is set at \$2,500 which eliminates the majority of the computers and other instructional support materials. The assets that fall below the threshold limit are tagged and tracked as movable equipment. This ensures that all assets of the School District are being protected from theft or loss.

(Chart 2)
Change in Capital Assets



DEBT

At June 30, 2011, the Lisbon Exempted Village School District had reduced its bonded debt to \$1,250,000. The School District paid \$145,000 in bond principal and \$76,978 in bond interest.

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
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See Notes 14 and 15 for further information on debt.

(Table 5)
Outstanding Debt, at June 30

	Governmental Activities 2011	Governmental Activities 2010
Refunded General Obligation Bonds:		
Series, 2004	\$1,250,000	\$1,395,000
Unamortized Premium	128,707	147,927
Capital Lease	4,783,999	3,671,999
Total	\$6,162,706	\$5,214,926

As of June 30, 2011 the School District's legal debt margin was \$6,517,167 with an unvoted debt margin of \$82,411. Capital leases do not count towards the School District's legal debt margin. Neither Moody's nor Standard & Poor's currently rate the Lisbon Exempted Village School District.

School District Outlook

Lisbon Exempted Village School District is presently financially strong and trending toward maintaining its financial stability. The Board of Education and administration closely monitor its revenue and expenditures in accordance with its financial forecast and the District Continuous Improvement Plan. The financial future of the School District is not without its challenges though. These challenges are internal and external in nature. The internal challenges will continue to exist as the School District must attempt to contain operating costs while providing a fair wage to its employees and maintain the level of benefits guaranteed by contractual agreements. The economic conditions that exist today make it a challenge to forecast revenues too far into the future. The local external influences revolve around the local economy and the ability of the residents of the School District to support the existing programming. The reliance on the local property tax base has not changed. Other external challenges continue to evolve as the State of Ohio implements a new method for funding education in Ohio. The School District will experienced a loss of 7% of State funding when the State Fiscal Stabilization Funds disappear in the next fiscal year. This loss of funding was anticipated and plans were put in place to deal with the shortfall. Management is still optimistic about the future for this School District; however the following facts could change this outlook for the better or worse.

The most recently filed five-year forecast shows that this School District will not require the passage of any new additional operating millage over the next four years. The School District has not requested any additional operating millage locally since 1980 which keeps the millage rate at 20 mills. The laws of Ohio require that voted millage remain above or at a 20 mill floor. Ohio also requires that the county auditor revalue all real estate every six years and an update every three years. The general fund tax collections have risen regularly over the last fourteen years due to the inflationary growth of the real estate tax base. House Bill 920 reduction of millage does not occur due to the fact that the School District is at the 20 mill floor. Due to the economy and the amount of home foreclosures experienced in the School District, it is being assumed that the normal inflationary growth will slow and possibly begin to trend to either zero or very minimal value increases. The slow or negative local tax value growth shifts the reliance more on the State funds. Open enrollment funding comprises a major portion of the local revenue base. This source of revenue grows with the per pupil allocation. The Board has discussed the fact that it may be necessary to go

Lisbon Exempted Village School District
Management's Discussion and Analysis
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to the voters for additional operating funds, but many of the changes that have occurred in the State funding system must begin to play out in order for the Board to make that decision.

We are dependent on outside factors for our future success. The new Pathways to Student Success (PASS) School Funding Formula provide seventy-eight percent of the revenue for Lisbon Exempted Village School District's general fund. This form of funding has been removed beginning with the 2012 fiscal year. The new governor and legislature has developed a bridge funding model to be in place until a new one can be developed. The intention is to have a new formula beginning in fiscal year 2013. At this time it is unknown as to what form this funding model will take. While a significant increase in the State's financial efforts would be welcome, our forecast does not take this possibility into account. We anticipate State revenue remaining constant each year.

All insurance premiums and in particular health care premiums are estimated to increase by double digits over the next five years. Management negotiated some significant changes in the medical program being offered to our staff and was able to see some savings in the premiums. The insurance industry is an area that is outside our control. Management has formed an insurance committee comprised of administrators, staff and industry experts to meet regularly to analyze the medical program and to attempt to control the costs. Health care cost containment has become a large issue for the future.

Lisbon Exempted Village Schools have fifteen teachers that are either currently eligible or approaching eligibility to retire over the next four years. When a veteran teacher retires, they are replaced by staff at a much lower cost if replaced at all. Due to the decline in the student enrollment being projected over the next five years there is a distinct possibility that not all of the staff would need to be replaced. This would have a positive affect on School District finances.

As a result of the challenges mentioned above, it is imperative that the School District's management continue to carefully and prudently plan in order to provide the resources required to meet student needs over the next several years. It will become necessary to develop strategies to be able to cope with the increasing needs of the School District's student population and matching those costs with the financial structure that exists that combines local revenue and the State foundation funding. Both sources of revenues will be limited in their growth potential over time. Locally it is becoming more of a financial strain on School District households to consider increasing the local property taxes it pays to support education. The current economic conditions affecting the State puts a strain its ability to increase funding for education. The School District administration acknowledges that fact and knows that it must be creative in managing a stagnate budget.

In summary, the Board of Education of the Lisbon Exempted Village School District has committed itself to financial and educational excellence for many years into the future.

Contacting the School District's Financial Management

These financial reports and discussions are designed to provide our students, citizens, taxpayers, investors and creditors with a complete disclosure of the School District's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional financial information, please write Cynthia L. Altomare, Treasurer at Lisbon Exempted Village School District, 317 North Market Street, Lisbon, Ohio 44432 or call (330) 424-7714 or E-mail cindy.altomare@omeresanet.net.

Lisbon Exempted Village School District

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,408,207
Cash and Cash Equivalents	
With Fiscal Agents	16,194
Intergovernmental Receivable	104,786
Interest Receivable	15,837
Inventory Held for Resale	6,434
Prepaid Items	14,581
Property Taxes Receivable	2,217,469
Nondepreciable Capital Assets	870,749
Depreciable Capital Assets, Net	<u>20,818,711</u>
<i>Total Assets</i>	<u>29,472,968</u>
Liabilities	
Accounts Payable	3,759
Accrued Wages	763,910
Intergovernmental Payable	131,306
Deferred Revenue	1,973,795
Accrued Interest Payable	31,745
Long-Term Liabilities:	
Due Within One Year	289,227
Due In More Than One Year	<u>6,382,092</u>
<i>Total Liabilities</i>	<u>9,575,834</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	15,657,095
Restricted for:	
Capital Projects	308,104
Debt Service	376,831
Other Purposes	572,968
Unrestricted	<u>2,982,136</u>
<i>Total Net Assets</i>	<u><u>\$19,897,134</u></u>

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Statement of Activities

For the Fiscal Year Ended June 30, 2011

	Program Revenues			Capital Grants	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions		
Governmental Activities:					
Instruction:					
Regular	\$5,476,084	\$1,047,647	\$719,360	\$0	(\$3,709,077)
Special	1,104,257	86,960	976,325	0	(40,972)
Vocational	92,749	0	857	0	(91,892)
Intervention	122,162	0	0	0	(122,162)
Support Services:					
Pupils	475,841	0	0	0	(475,841)
Instructional Staff	430,009	0	91,262	0	(338,747)
Board of Education	28,567	0	0	0	(28,567)
Administration	819,548	0	344,379	0	(475,169)
Fiscal	271,730	0	0	0	(271,730)
Operation and Maintenance of Plant	775,492	2,527	274,236	73,316	(425,413)
Pupil Transportation	427,216	62,440	216,166	0	(148,610)
Central	42,889	1,150	5,000	0	(36,739)
Food Service Operations	478,201	261,513	295,862	0	79,174
Extracurricular Activities	413,018	115,369	8,455	78,901	(210,293)
Interest and Fiscal Charges	288,613	0	0	0	(288,613)
Totals	\$11,246,376	\$1,577,606	\$2,931,902	\$152,217	(6,584,651)

General Revenues

Property Taxes Levied for:

General Purposes	1,451,407
Debt Service	213,335
Capital Projects	316,562
Grants & Entitlements not Restricted to Specific Programs	3,846,075
Investment Earnings	85,485

Total General Revenues 5,912,864

Change in Net Assets (671,787)

Net Assets Beginning of Year 20,568,921

Net Assets End of Year \$19,897,134

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Balance Sheet

Governmental Funds

June 30, 2011

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,967,601	\$261,821	\$995,883	\$5,225,305
Cash and Cash Equivalents With Fiscal Agents	16,194	0	0	16,194
Property Taxes Receivable	1,595,942	352,061	269,466	2,217,469
Interest Receivable	15,837	0	0	15,837
Intergovernmental Receivable	53,113	0	51,673	104,786
Prepaid Items	14,581	0	0	14,581
Inventory Held for Resale	0	0	6,434	6,434
<i>Total Assets</i>	<u>\$5,663,268</u>	<u>\$613,882</u>	<u>\$1,323,456</u>	<u>\$7,600,606</u>
Liabilities				
Accounts Payable	\$3,759	\$0	\$0	\$3,759
Accrued Wages	692,730	0	71,180	763,910
Intergovernmental Payable	114,936	0	16,370	131,306
Deferred Revenue	1,539,248	339,135	302,348	2,180,731
<i>Total Liabilities</i>	<u>2,350,673</u>	<u>339,135</u>	<u>389,898</u>	<u>3,079,706</u>
Fund Balances				
Nonspendable	14,581	0	6,434	21,015
Restricted	0	274,747	979,218	1,253,965
Committed	47,615	0	0	47,615
Assigned	83,751	0	0	83,751
Unassigned (Deficit)	3,166,648	0	(52,094)	3,114,554
<i>Total Fund Balances</i>	<u>3,312,595</u>	<u>274,747</u>	<u>933,558</u>	<u>4,520,900</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,663,268</u>	<u>\$613,882</u>	<u>\$1,323,456</u>	<u>\$7,600,606</u>

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2011*

Total Governmental Fund Balances	\$4,520,900
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	21,689,460
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property and Other Taxes	164,173
Intergovernmental	42,763
Total	206,936
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	182,902
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(1,250,000)
General Obligation Bonds Premium	(128,707)
Compensated Absences	(508,613)
Capital Lease	(4,783,999)
Total	(6,671,319)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(31,745)
 <i>Net Assets of Governmental Activities</i>	 \$19,897,134

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$1,450,180	\$321,952	\$247,065	\$2,019,197
Intergovernmental	5,317,030	73,316	1,676,973	7,067,319
Charges for Services	87,650	0	261,679	349,329
Interest	85,485	0	1,605	87,090
Tuition and Fees	1,093,759	0	0	1,093,759
Extracurricular Activities	42,549	0	71,442	113,991
Rentals	20,527	0	0	20,527
Contributions and Donations	5,818	78,901	5,191	89,910
<i>Total Revenues</i>	<u>8,102,998</u>	<u>474,169</u>	<u>2,263,955</u>	<u>10,841,122</u>
Expenditures				
Current:				
Instruction:				
Regular	4,196,569	0	596,527	4,793,096
Special	776,709	0	325,510	1,102,219
Vocational	91,527	0	0	91,527
Intervention	3,350	0	118,753	122,103
Support Services:				
Pupils	438,084	0	33,887	471,971
Instructional Staff	227,377	0	193,367	420,744
Board of Education	28,567	0	0	28,567
Administration	766,141	0	16,678	782,819
Fiscal	272,054	0	710	272,764
Business	0	0	0	0
Operation and Maintenance of Plant	1,754,820	0	32,993	1,787,813
Pupil Transportation	366,476	0	0	366,476
Central	42,392	0	0	42,392
Operation of Non-Instructional Services	0	0	0	0
Food Service Operations	0	0	451,188	451,188
Extracurricular Activities	249,191	0	87,581	336,772
Capital Outlay	0	203,864	0	203,864
Debt Service:				
Principal Retirement	0	103,000	145,000	248,000
Interest and Fiscal Charges	35,417	167,972	78,315	281,704
<i>Total Expenditures</i>	<u>9,248,674</u>	<u>474,836</u>	<u>2,080,509</u>	<u>11,804,019</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,145,676)	(667)	183,446	(962,897)
Other Financing Sources				
Capital Leases Issued	1,215,000	0	0	1,215,000
<i>Net Change in Fund Balances</i>	69,324	(667)	183,446	252,103
<i>Fund Balances Beginning of Year</i>	<u>3,243,271</u>	<u>275,414</u>	<u>750,112</u>	<u>4,268,797</u>
<i>Fund Balances End of Year</i>	<u>\$3,312,595</u>	<u>\$274,747</u>	<u>\$933,558</u>	<u>\$4,520,900</u>

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011*

Net Change in Fund Balances - Total Governmental Funds \$252,103

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

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

Capital Outlay	1,198,956	
Depreciation	(840,185)	
Total		358,771

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

Property and Other Local Taxes	(37,893)	
Grants	(228,640)	
Total		(266,533)

Some expenses, such as compensated absences, reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(28,840)

Other financing sources, capital leases issued, in the governmental funds that increase long-term liabilities in the statement of net assets.

(1,215,000)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bonds	145,000	
Capital Lease	103,000	
Total		248,000

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

Accrued Interest	(26,129)	
Bond Premium	19,220	
Total		(6,909)

The internal service fund used by management to charge the costs of statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue(expenses) of the internal service fund is allocated among the governmental activities.

(13,379)

Change in Net Assets of Governmental Activities

(\$671,787)

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$1,496,400	\$1,522,653	\$1,522,654	\$1
Intergovernmental	5,328,948	5,311,655	5,312,400	745
Charges for Services	107,220	87,646	87,650	4
Interest	140,000	62,058	81,871	19,813
Tuition and Fees	1,156,431	1,093,299	1,093,759	460
Extracurricular Activities	29,820	42,424	42,549	125
Rentals	19,500	20,281	20,527	246
Contributions and Donations	6,880	5,818	5,818	0
<i>Total Revenues</i>	<u>8,285,199</u>	<u>8,145,834</u>	<u>8,167,228</u>	<u>21,394</u>
Expenditures				
Current:				
Instruction:				
Regular	4,303,947	5,888,266	4,195,710	1,692,556
Special	915,826	1,535,453	785,274	750,179
Vocational	86,420	92,212	92,131	81
Intervention	2,875	2,894	2,244	650
Support Services:				
Pupils	506,496	502,982	453,814	49,168
Instructional Staff	162,856	257,312	226,125	31,187
Board of Education	32,744	35,001	32,229	2,772
Administration	763,121	791,303	771,568	19,735
Fiscal	338,656	328,261	314,681	13,580
Operation and Maintenance of Plant	1,928,313	2,908,873	1,867,809	1,041,064
Pupil Transportation	455,035	585,085	382,610	202,475
Central	47,666	48,902	47,466	1,436
Extracurricular Activities	227,524	280,302	245,954	34,348
<i>Total Expenditures</i>	<u>9,771,479</u>	<u>13,256,846</u>	<u>9,417,615</u>	<u>3,839,231</u>
<i>Excess of Revenues Under Expenditures</i>	(1,486,280)	(5,111,012)	(1,250,387)	3,860,625
Other Financing Sources				
Capital Leases Issued	0	1,215,000	1,215,000	0
<i>Net Change in Fund Balance</i>	(1,486,280)	(3,896,012)	(35,387)	3,860,625
<i>Fund Balance Beginning of Year</i>	3,807,783	3,807,783	3,807,783	0
Prior Year Encumbrances Appropriated	88,229	88,229	88,229	0
<i>Fund Balance End of Year</i>	<u>\$2,409,732</u>	<u>\$0</u>	<u>\$3,860,625</u>	<u>\$3,860,625</u>

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Statement of Fund Net Assets

Internal Service Fund

June 30, 2011

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$182,902</u>
Net Assets	
Unrestricted	<u><u>\$182,902</u></u>

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2011*

	Insurance
Operating Revenues	
Charges for Interfund Services	\$0
Operating Expenses	
Fringe Benefits	\$13,379
<i>Change in Net Assets</i>	(13,379)
<i>Net Assets Beginning of Year</i>	196,281
<i>Net Assets End of Year</i>	\$182,902

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2011

	<u>Insurance</u>
<i>Decrease in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Payments for Claims	<u>(\$13,379)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(13,379)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>196,281</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$182,902</u></u>

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$34,284</u>
Liabilities	
Due to Students	<u>\$34,284</u>

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 1 - Description of the School District and Reporting Entity

Lisbon Exempted Village School District (the “School District”) operates under a locally elected Board form of government and provides educational services as authorized by state and federal agencies. This Board controls the School District’s 5 instructional/support facilities staffed by 79 certificated employees, 44 non-certificated employees and 4 administrative employees to provide services to 1,044 students and other community members. The School District was organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is not authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District is located in Columbiana County and serves an area of approximately 25 square miles including all of the territory of the Village of Lisbon, and portions of Center and Elkrun Townships.

Reporting Entity

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

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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. There are no component units of the Lisbon Exempted Village School District.

The District participates in four organizations which are defined as jointly governed organizations and one insurance purchasing pool. These organizations include the Columbiana County Career and Technical Center, the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), the Portage Area School Consortium, the Ohio Schools’ Council, and Ohio School Business Officials’ Association Workers’ Compensation Group Rating Program. These organizations are presented in Notes 17 and 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District’s accounting policies are described below.

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. However, the School District has only governmental activities; therefore no business-type activities are presented.

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

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

Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - the general fund is the operating fund of the School District and is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Permanent Improvement Fund – The permanent improvement fund receives taxes for the payment of the construction of a new administration building, lease-purchase of a bus garage facility and the rental for district copier equipment.

The other governmental funds of the School District account for grants and other resources whose uses are restricted to a particular purpose.

Proprietary Funds Proprietary funds reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds. The following is a description of the School District's internal service fund:

Internal Service Fund – This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The only internal service fund carried on the financial records of the School District is related to employee insurance. This fund accounts for the expenses related to the employer reimbursement to the employee for costs associated with spousal coverage medical insurance premiums.

Fiduciary Fund Type - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student managed activities.

Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (e.g., revenues and other financing sources) and uses (e.g., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the statement of net assets. The statement of revenue, expenses and changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of the internal service fund activity.

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Budgetary Data

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

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

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

Cash and Investments

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

The School District has invested funds during fiscal year 2011 in federal home loan bank notes, federal national mortgage association notes, and in the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at face value which is based on quoted market prices.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$85,485, which includes \$19,557 assigned from other School District funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which the services are consumed.

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated food and food held for resale. The cost of inventory items is recorded as expenditure in the governmental fund types when used.

Capital Assets

All of the School District’s capitalized assets are general capitalized assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting assets by backtrending (i.e. estimating the current replacement cost of the asset to be capitalized and using an appropriate price-index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	40 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	10 years

Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

that they are due for payment during the current year. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net assets restricted for other purposes include food service operations and extracurricular activities.

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

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

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

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned,

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are services for the self-insurance program. Operating expenses are necessary costs incurred to provide the service that are the primary activity of the fund. All revenue and expenses not meeting these definitions are reported as non-operating.

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are reported in the year the bonds are issued.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

Estimates

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

Note 3 – Fund Deficits

The deficit balances in the following special revenue funds as of June 30, 2011 resulted from adjustments for accrued liabilities.

Title VI-B Grant	\$ 19,258
Title I Grant	20,803
Title II-A Grant	5,309
ECE Preschool Grant	6,724

The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

Note 4 - Budgetary Basis of Accounting

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

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

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).

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

Net Change in Fund Balance	
GAAP Basis	\$69,324
Net Adjustment for Revenue Accruals	64,230
Net Adjustment for Expenditure Accruals	(45,771)
Adjustment for Encumbrances	<u>(123,170)</u>
Budget Basis	<u><u>(\$35,387)</u></u>

Note 5 – Fund Balances

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

Fund Balances	General	Permanent Improvement	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>				
Prepays	\$14,581	\$0	\$0	\$14,581
Inventory	0	0	6,434	6,434
<i>Total Nonspendable</i>	<u>14,581</u>	<u>0</u>	<u>6,434</u>	<u>21,015</u>
<i>Restricted for</i>				
Food Service Operations	0	0	359,975	359,975
Athletics	0	0	37,907	37,907
Teacher Development	0	0	438	438
Debt Service Payments	0	0	358,924	358,924
Capital Improvements	0	274,747	221,974	496,721
<i>Total Restricted</i>	<u>0</u>	<u>274,747</u>	<u>979,218</u>	<u>1,253,965</u>
<i>Committed to</i>				
Other Purposes	47,615	0	0	47,615
<i>Assigned to</i>				
Other Purposes	83,751	0	0	83,751
<i>Unassigned (Deficit)</i>	<u>3,166,648</u>	<u>0</u>	<u>(52,094)</u>	<u>3,114,554</u>
<i>Total Fund Balances</i>	<u><u>\$3,312,595</u></u>	<u><u>\$274,747</u></u>	<u><u>\$933,558</u></u>	<u><u>\$4,520,900</u></u>

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits that the Board 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 held by the School District can be deposited or invested in the following securities:

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

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

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of bank failure, the School District's deposits may not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, the carrying amount of the School District's deposits was \$2,268,242 and the bank balance was \$2,311,348. Of the bank deposits \$1,188,000 were covered by federal depository insurance.

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

Investments

Investments are reported at fair value. As of June 30, 2011, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal Home Loan Bank Note #1	\$400,668	February 26, 2015
Federal Home Loan Bank Note #2	400,484	July 27, 2015
Federal Home Loan Bank Note #3	696,178	October 20, 2015
Federal Home Loan Bank Note #4	800,000	December 30, 2015
Federal National Mortgage Association Note #1	200,000	December 22, 2015
Federal National Mortgage Association Note #2	668,000	March 28, 2016
STAROhio	5,082	33 days
Totals	<u>\$3,170,412</u>	

Interest Rate Risk. As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk. The Federal Home Loan Bank Notes and the Federal National Mortgage Association Notes carry a rating of AAA by Standard & Poor's and STAROhio also carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The School District places no limit on the amount it may invest in any one issuer.

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

The following is the School District's allocation as of June 30, 2011:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Federal Home Loan Bank Notes	72.46%
Federal National Mortgage Association Notes	27.38%

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property tax revenue received during calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternative payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2011 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30; however this year the settlement was late.

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

Accrued property taxes received include real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011 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 portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

The amount available as an advance of real property taxes at June 30, 2011, was \$56,616 in the general fund, \$8,702 in the bond retirement fund, \$12,912 in the permanent improvement fund, and \$1,169 in the OSFC maintenance levy fund. The amount available for advance of personal property taxes at June 30, 2011, was \$78 in the general fund, \$9 in the bond retirement fund, \$14 in the permanent improvement fund and \$1 in the OSFC maintenance levy fund.

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

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

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$76,200,310	92.30%	\$77,310,760	92.34%
Public Utility	6,212,270	7.52%	6,417,790	7.66%
Tangible Personal Property	147,280	0.18%	0	0.00%
Total Assessed Value	\$82,559,860	100.00%	\$83,728,550	100.00%
Tax rate per \$1,000 of assessed valuation	\$34.30		\$34.30	

Note 8 - Receivables

Receivables at June 30, 2011, consisted of taxes, interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectable, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund:	
Special Education Transportation Services	\$28,303
School Employees Retirement System Refund	24,810
Total General Fund	<u>53,113</u>
Special Revenue Funds:	
Food Service	8,539
ECE Preschool	9,015
Title I	20,093
Title II-A	14,026
Total Special Revenue Funds	<u>51,673</u>
Total All Funds	<u>\$104,786</u>

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$870,749	\$0	\$0	\$870,749
Depreciable Capital Assets				
Land Improvements	803,826	55,691	0	859,517
Buildings and Improvements	24,590,456	1,088,845	0	25,679,301
Furniture, Fixtures and Equipment	2,116,237	54,420	0	2,170,657
Vehicles	688,642	0	0	688,642
Total at Historical Cost	28,199,161	1,198,956	0	29,398,117
Less Accumulated Depreciation:				
Land Improvements	(316,078)	(33,713)	0	(349,791)
Buildings and Improvements	(5,595,212)	(564,814)	0	(6,160,026)
Furniture, Fixtures and Equipment	(1,373,095)	(200,308)	0	(1,573,403)
Vehicles	(454,836)	(41,350)	0	(496,186)
Total Accumulated Depreciation	(7,739,221)	(840,185)*	0	(8,579,406)
Depreciable Capital Assets, Net of Accumulated Depreciation	20,459,940	358,771	0	20,818,711
Governmental Activities Capital Assets, Net	\$21,330,689	\$358,771	\$0	\$21,689,460

- Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$528,174
Vocational	564
Support Services:	
Instructional Staff	4,499
Administration	26,400
Fiscal	117
Operations and Maintenance of Plant	149,523
Pupil Transportation	47,797
Extracurricular Activities	21,753
Food Service Operations	61,358
Total Depreciation Expenses	<u>\$840,185</u>

Note 10 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School District contracted with Holloway Insurance Company which provided for property, fleet and liability insurance coverage through Indiana Insurance Company. The levels of coverage are listed below:

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Type of Coverage	Amount
Building and Contents – replacement costs	\$30,410,982
Inland Marine Coverage	61,064
Crime Insurance	10,000
Extra Expense	500,000
Automobile Liability	2,000,000
Auto Medical Payments	5,000
Uninsured Motorists	1,000,000
General Liability	
Per Occurrence	1,000,000
Total per year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there was no reduction in insurance coverage from last year.

Workers' Compensation

For fiscal year 2011 the School District participated in the Ohio School Business Officials' Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost controls, and actuarial services to the GRP.

Employee Health Benefits

For fiscal year 2011, the School District was a participant in the Portage County School Consortium (the "Consortium") to provide employee medical, surgical, prescription, dental and vision benefits. The Consortium is administered by Benefit Services, Inc. of Akron, Ohio. Payments are made to the Consortium for the monthly attachment point, monthly stop-loss premiums, and administration fees. The entire risk of loss transfers to the Consortium upon payment of the premium.

The School District pays 90 percent of the insurance premium costs for all of the participating staff. For the period covering July 1, 2010 through June 30, 2011, the School District paid premiums in the amount of \$867.41 for family coverage per month and \$359.06 per single coverage per month for eligible full-time employees. The premiums are paid by the fund that pays the salary for the employee and are based on historical cost information.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance or the Directors have the right to hold monies for an exiting school district subsequent to the settlement of all expenses and claims.

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 11 – Defined Benefit Pension Plans

School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer pension plan. SERS provides retirement and disability 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. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or on the SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations and death benefits. 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 School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$102,000, \$115,755 and \$96,515 respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

State Teachers Retirement System

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

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 of 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.

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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 the fiscal year ended June 30, 2011 plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established the by 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 School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$588,802, \$580,416, and \$547,174, respectively; 88.96 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2010, (the latest information available) were \$389 made by the School District and \$278 made by the plan members.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011 four of the five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 12 - Postemployment Benefits

School Employees Retirement System

Plan Description - The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit 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 or on the SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contributions 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 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

SERS collect in aggregate greater than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800.

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

The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$29,625, \$55,794 and \$60,913 respectively; 58.3 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B fund. For 2011, the actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010 and 2009 were \$6,564, \$6,884, and \$6,464 respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$45,292, \$44,647 and \$42,090 respectively; 88.96 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

Note 13 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and the treasurer 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 the treasurer 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 220 days for both certified and classified employees. Upon retirement, payment is made according to negotiated agreements.

Life Insurance

The School District provides term life and accidental death and dismemberment insurance to most employees through Mutual of Omaha. Both full time certified and classified employees receive \$30,000, and School District administrators receive \$50,000.

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Note 14 - Long-term Obligations

The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	Principal Outstanding 6/30/10	Additions	Deductions	Principal Outstanding 6/30/11	Amounts due in One Year
Governmental Activities					
Refunded General Obligation Bonds	\$1,395,000	\$0	\$145,000	\$1,250,000	\$155,000
Unamortized Premium	147,927	0	19,220	128,707	0
Compensated Absences	479,773	508,613	479,773	508,613	0
Capital Leases	3,671,999	1,215,000	103,000	4,783,999	134,227
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$5,694,699</u>	<u>\$1,723,613</u>	<u>\$746,993</u>	<u>\$6,671,319</u>	<u>\$289,227</u>

The 1992 General Obligation Bonds were originally issued in the amount \$3,085,000. These bonds were issued for the purpose of facility additions and remodeling. The School District entered into an agreement with Fifth Third Securities, Inc. to purchase the 1992 General Obligation Bonds in the amount of \$2,220,000 dated April 1, 2004. The School Improvement Refunding Bonds, Series 2004 average interest rate was 3.85% compared to the rate of 6.25% on the 1992 General Obligation Bonds. This reduction in interest rate resulted in a net present value savings of \$226,984 to the School District.

Capital lease I & II obligations will be paid from the permanent improvement fund. Capital lease III, HB264 borrowing, will be paid from the general fund. The general obligation bonds will be paid from the debt service fund. Proceeds from the bond issue were used to add classrooms at both buildings and an auditorium at the high school. Compensated absences will be paid from the general, food service, ECE Preschool, Title VI-B, Title I and Title II-A funds.

The School District's overall legal debt margin was \$6,517,167 with an unvoted debt margin of \$82,411 at June 30, 2011.

Principal requirements to retire general obligation bonds outstanding at June 30, 2011, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$155,000	\$56,267	\$211,267
2013	160,000	48,392	208,392
2014	170,000	40,142	210,142
2015	180,000	31,393	211,393
2016	185,000	22,268	207,268
2017-2018	400,000	16,714	416,714
<i>Total</i>	<u>\$1,250,000</u>	<u>\$215,176</u>	<u>\$1,465,176</u>

Note 15 - Capital Leases - Lessee Disclosure

The School District entered into a capital lease representing the local share obligation for Ohio School Facilities Commission Project participation, construction of a new administrative building and the purchase of property. At the time that the School District entered into the lease, the buildings had not been constructed nor had the land been purchased. The entire amount will be paid to trade contractors for the construction of additions and renovations to the two School District school buildings and has paid for the completion of the administration building and to individual owners of property adjacent to School

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

District sites. The lease meets the criteria of a capitalized lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

This capital assets acquired by lease have been originally capitalized in the amount of \$933,000 with the balance of the \$2,058,000 for the local share obligation of the Ohio School Facilities Commission Project used for the payment of contractors added three years later upon completion of the project. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation on this lease was \$301,259 leaving a current book value of \$2,689,741 as of June 30, 2011. Principal payments in fiscal year 2010 totaled \$70,000 in the governmental funds.

In the period ending June 30, 2008 the School District entered into another lease for the purchase of two school buses and the construction of a locker room and concession stand facility at the stadium in the amount of \$1,177,000. Principal payments for the second lease totaled \$29,000 for the period. Accumulated depreciation for this lease is \$88,275 leaving a current book value of \$1,088,725 as of this reporting period.

The third lease was used for energy conservation measures in the School District's educational buildings with the project being completed in December 2011. The accumulated appreciation on this lease was \$45,375 leaving a book value of \$1,169,625. The total amount owed on the three leases is \$4,783,999.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011:

	<u>Amount</u>
Fiscal Year Ending June 30, 2012	\$405,338
2013	406,391
2014	406,061
2015	406,339
2016	406,261
2017 - 2021	2,027,437
2022 - 2026	1,820,431
2027 - 2031	1,164,514
2032 - 2036	479,333
2037	62,105
Total minimum lease payments	<u>7,584,210</u>
Less: Amount Representing Interest	<u>2,800,211</u>
Present Value of Minimum Lease Payments	<u><u>\$4,783,999</u></u>

Note 16 - Set-Aside Calculations and Fund Reserves

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future years. At June 30, 2011, no amount continues to be set aside.

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	Textbooks	Capital Improvements
Set-Aside Balance as of June 30, 2010	(\$131,490)	\$0
Current Year Set-Aside Requirement	220,766	230,635
Qualifying Disbursements	(89,276)	(230,635)
Totals	<u>\$0</u>	<u>\$0</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>	<u>\$0</u>

Note 17 - Jointly Governed Organizations

Columbiana County Career and Technical Center - The Columbiana County Career and Technical Center is a distinct political subdivision of the State of Ohio. The Center is operated under the direction of a Board, consisting of one representative from each of the eight participating School Districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Columbiana County Career and Technical Center, Office of the Treasurer, at 9364 State Route 45, Lisbon, Ohio 44432.

Ohio Mid-Eastern Regional Educational Service Agency – The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a computer service agency whose primary function is to provide information technology to its member school with the emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by OME-RESA include pupil scheduling, attendance, grade reporting; career guidance services; special education records; test scoring and EMIS.

OME-RESA is one of twenty-five regional service organizations serving over 600 public school districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code and their member school districts.

OME-RESA is owned and operated by forty-five member School Districts in eleven different counties. The superintendents from each member school district comprise the General Assembly. The General Assembly elects the Board of Directors consisting of a representative from each county within the approved geographic area. The superintendent of the fiscal agent School District serves as chairman and the board elects a vice-chair annually. The Jefferson County Educational Service Center, Steubenville, Ohio acts as the fiscal agent for OME-RESA and assumes the budgetary responsibility. The School District contributed \$36,312 for various fees associated with the agency's services during the 2010 fiscal year. To obtain financial information write to Jefferson County Educational Service Center, Office of the Treasurer, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

Portage Area School Consortium The Portage Area School Consortium was established in 1981 so that 12 educational-service providers in Portage County could manage risk exposures and purchase necessary insurance coverage as a group. The Health and Welfare Trust is organized under the provisions of Section 501(c)(9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as health insurance, disability insurance and life insurance. A third party administrator is retained by the consortium to facilitate the operation of the

Lisbon Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Health and Welfare Trust. The School District pays all insurance premiums directly to the consortium. Also, the insurance agreement with Portage County School Consortium provides that the consortium will reinsure through commercial companies for claims over \$150,000 per employee. Although the School District does not participate in the day-to-day management of the consortium, one of its administrators serves as a trustee of the consortium's governing board as provided in the consortium's enabling authority. Although the School District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the consortium become depleted, it is the opinion of management that the assets of the consortium are sufficient to meet its claims. The Portage County Educational Service Center acts as the fiscal agent for the consortium.

Ohio Schools' Council The Ohio Schools' Council Association (Council) is jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. This organization formed Power4Schools, an electric generation program in cooperation with Ohio School Boards Association, Buckeye Association of School Administrators and the Ohio Association of School Business Administrators.

The School District participates in the Power4School electric purchase program which was implemented during fiscal year 2011. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. Currently in the Ohio Edison Illuminating Company, Toledo Edison and Duke Energy service areas, the program operates in partnership with FirstEnergy Solutions. FirstEnergy Solutions Corp., based in Akron, is a leading energy supplier, serving residential, commercial and industrial customers throughout the Northeast, Midwest and Mid-Atlantic regions of the United States. By contracting through Power4Schools, the school district could save an average of 16% over the next three years. The participants make monthly payments based on actual usage with the discount being applied.

Note 18 - Insurance Purchasing Pools

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

Note 19 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

B. Litigation

The School District was not a party to any legal proceedings during the 2011 fiscal year.

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**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	N/A	10.555	24,253	24,253
Cash Assistance:				
School Breakfast Program		10.553	38,432	38,432
National School Lunch Program		10.555	223,677	223,677
Total U.S. Department of Agriculture			286,362	286,362
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	C1-S1 2010	84.010	29,315	24,490
Title I Grants to Local Educational Agencies	C1-S1 2011	84.010	219,328	209,030
Title I Part A Stimulus	ARRA - 2010	84.389	-	8,111
Title I Part A Stimulus	ARRA - 2011	84.389	68,037	63,110
Total Title I Grants to Local Agencies			316,680	304,741
School Improvement Grants	2010	84.377	817	1,946
Total School Improvement Grants			817	1,946
IDEA, Part B Grant	6B-SF-2011	84.027	214,362	214,362
IDEA, Part B Grant	ARRA - 2010	84.391	-	7,178
IDEA, Part B Stimulus	ARRA - 2011	84.391	151,281	144,991
Total IDEA, Part B Grant			365,643	366,531
State Fiscal Stabilization Fund (SFSF)	ARRA	84.394	424,346	424,346
Title II-A Grant	TR-S1-2010	84.367	8,966	11,342
Title II-A Grant	TR-S1-2011	84.367	45,952	43,652
Total Title II-A Grant			54,918	54,994
Title II-D Grant	IDL-2010	84.318	24,695	29,695
Title II-D Grant	IDVL-2011	84.318	20,305	20,305
Title II-D Grant	TJ-S1-2011	84.318	762	762
Total Title II-D Grant			45,762	50,762
Race To The Top 2011	ARRA	84.395A	21,825	21,304
Total Department of Education			1,229,991	1,224,624
Total Federal Expenditures			1,516,353	1,510,986

The accompanying notes are an integral part of this schedule.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Lisbon Exempted Village School District (the District's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local receipts. It is assumed federal monies are expended first.



Dave Yost • Auditor of State

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

Lisbon Exempted Village School District
Columbiana County
317 North Market Street
Lisbon, Ohio 44432

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lisbon Exempted Village School District, Columbiana County, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Lisbon Exempted Village School District
Columbiana County
Independent Accountants' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by *Government Auditing Standards*
Page 2

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

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

Dave Yost
Auditor of State

August 17, 2011



Dave Yost • Auditor of State

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

Lisbon Exempted Village School District
Columbiana County
317 North Market Street
Lisbon, Ohio 44432

To the Board of Education:

Compliance

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

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

In our opinion, Lisbon Exempted Village School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

Voinovich Government Center, 242 Federal Plaza W. Suite 302, Youngstown, Ohio 44503-1293
Phone: 330-797-9900 or 800-443-9271 Fax: 330-797-9949

www.auditor.state.oh.us

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

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

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

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

Dave Yost
Auditor of State

August 17, 2011

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	IDEA Part B (CFDA #84.027) IDEA Part B Stimulus (CFDA #84.391) State Fiscal Stabilization Fund (CFDA #84.394) Title I (CFDA #84.010) Title I Part A, Stimulus (CFDA #84.389)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Lisbon Exempted Village School District
Columbiana County
317 North Market Street
Lisbon, Ohio 44432

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 Lisbon Exempted Village 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 November 15, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

August 17, 2011

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LISBON EXEMPTED VILLAGE SCHOOL DISTRICT

COLUMBIANA 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 6, 2011