LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2017

Dave Yost • Auditor of State

LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lisbon Exempted Village School District, Columbiana County, Ohio (the School District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lisbon Exempted Village School District, Columbiana County, Ohio, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

February 28, 2018

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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 (the "School District") financial activities for the fiscal year ended June 30, 2017. It is the Treasurer'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 2017 are as follows:

- The School District's total net position increased from $4,128,821 to $4,559,912 for an increase of $431,091 during this year's operations. The net position of governmental activities increased 10.4 percent.

- Revenues for governmental activities totaled $10,923,022 in fiscal year 2017. This total was comprised of general revenues in the amount of $8,047,262 and program revenues totaling $2,875,760. 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, you will find the detailed cost of each program to our School District.

- Program expenses totaled $10,491,931. Instructional expenses made up 61.36 percent of this total while support services accounted for 30.19 percent. Other expenses rounded out the remaining 8.45 percent.

- Outstanding general obligation bonded debt decreased from $400,000 to $205,000 in fiscal year 2017.

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 Position* and the *Statement of Activities* provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements provide the next level of detail. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the School District's operations in more detail than the government-wide statements by providing information about the School District's most significant funds. In the case of Lisbon Exempted Village School District, the general and permanent improvement funds are the only significant funds.

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

Statement of Net Position 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 Positon* 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.

These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting method used by most private-sector companies. The most important aspect of accrual accounting is that it takes into account all of the current year's revenues and expenses regardless of when cash is received or paid out.

These statements also display the net position of the School District and note any changes that occurred during the year. Net position represents the difference between all other elements in the financial position and they tend to be the leading indicator of financial health. This change in net position is important because it tells the reader whether, for the School District as a whole, the financial position has improved or 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 12. The fund financial statements 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. The School District's major governmental funds are the general fund and the 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 Activities as reported in the Statement of Net Position and the Statement of Activities. The relationships (or differences) are reconciled in the financial statements.

Proprietary Funds The School District maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for revenues used to account for the expenses related to the employer reimbursement to the employee for costs associated with spousal coverage medical insurance premiums.

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

The School District as a Whole

The Statement of Net Position looks at the School District as a whole. The School District's total net position increased from a year ago. Table 1 shows an increase from $4,128,821 to $4,559,912. The increase in Net Position can be primarily attributed to the increase in deferred outflows of resources related to pension and the increase in current and other assets. The increase in current in other assets was primarily due to an increase in equity in pooled cash and cash equivalents primarily resulting from an increase in intergovernmental revenues on a cash basis. As a whole, the School District received funds over this financial period which exceeded the amount of funds expensed for its activities. There was a smaller increase in assets coupled with an increase in the deferred outflows of resources and an increase in long-term liabilities due in more than one year. The combination of these factors with relatively small changes in all other asset and liability categories resulted in a net increase in the total net position of the School District.

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

Table 1
Net Position
Governmental Activities

	2017	2016	Change
Assets			
Current and Other Assets	$8,156,897	$7,309,074	$847,823
Capital Assets	15,994,756	16,627,379	(632,623)
Total Assets	24,151,653	23,936,453	215,200
Deferred Outflows of Resources			
Pension	2,322,965	1,110,459	1,212,506
Liabilities			
Current and Other Liabilities	816,875	828,813	(11,938)
Long-term Liabilities:			
Due Within One Year	431,298	411,572	19,726
Due In More Than One year:			
Net Pension Liability	13,531,930	11,910,722	1,621,208
Other Amounts	3,896,811	4,332,274	(435,463)
Total Liabilities	18,676,914	17,483,381	1,193,533
Deferred Inflows of Resources			
Property Taxes	2,044,589	1,971,808	72,781
Pension	1,193,203	1,462,902	(269,699)
Total Deferred Inflows of Resources	3,237,792	3,434,710	(196,918)
Net Position			
Net Investment in Capital Assets	12,117,303	12,326,035	(208,732)
Restricted	2,221,420	2,092,581	128,839
Unrestricted (Deficit)	(9,778,811)	(10,289,795)	510,984
Total Net Position	$4,559,912	$4,128,821	$431,091

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2017, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27." For reasons discussed in the following paragraphs, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

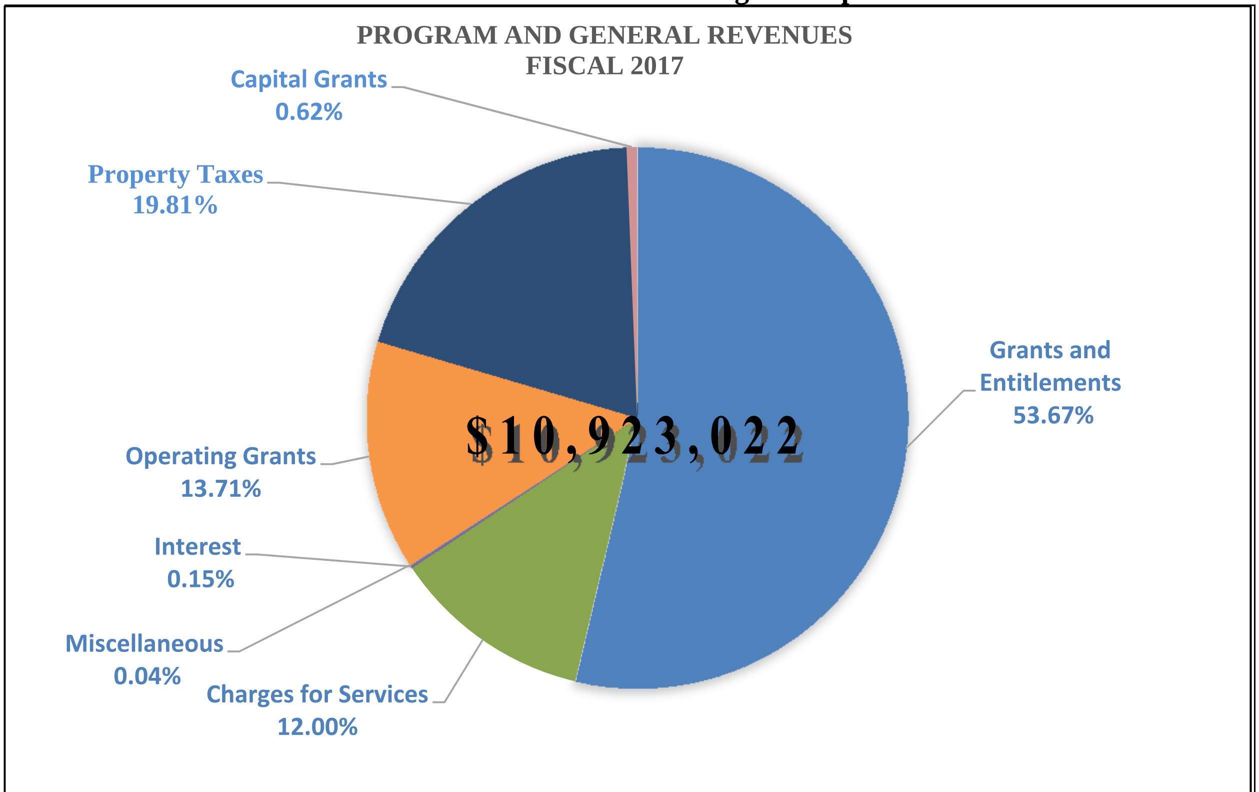
Assets increased by $215,200 primarily due to an increase in cash balances. Total liabilities increased during fiscal year 2017, which can be attributed to the change in net pension liability offset by the annual payments on the School District's general obligation bonds. Overall, net position increased by $431,091 during fiscal year 2017.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for fiscal years 2017 and 2016.

Table 2
Changes in Net Position
Governmental Activities

	2017	2016	Change
Revenues			
Program Revenues			
Charges for Services	$1,310,232	$1,319,641	($9,409)
Operating Grants and Contributions	1,497,372	1,440,451	56,921
Capital Grants	68,156	112,644	(44,488)
Total Program Revenues	2,875,760	2,872,736	3,024
General Revenues			
Property Taxes	2,163,576	2,399,428	(235,852)
Grants and Entitlements	5,862,803	5,416,935	445,868
Unrestricted Contributions	50	9,499	(9,449)
Interest	16,293	73,965	(57,672)
Miscellaneous	4,540	4,401	139
Total General Revenues	8,047,262	7,904,228	143,034
Total Revenues	$10,923,022	$10,776,964	$146,058
Program Expenses			
Instruction:			
Regular	5,140,783	4,976,012	164,771
Special	1,272,709	1,280,802	(8,093)
Vocational	22,372	17,870	4,502
Intervention	1,943	55,355	(53,412)
Support Services:			
Pupils	691,708	755,130	(63,422)
Instructional Staff	325,990	256,978	69,012
Board of Education	34,762	37,647	(2,885)
Administration	772,823	717,208	55,615
Fiscal	296,006	283,701	12,305
Operation and Maintenance of Plant	722,045	741,495	(19,450)
Pupil Transportation	318,514	348,826	(30,312)
Central	5,461	56,528	(51,067)
Operation of Non-Instructional Services:			
Food Service Operations	413,937	421,507	(7,570)
Other	415	889	(474)
Extracurricular Activities	283,920	336,117	(52,197)
Interest and Fiscal Charges	188,543	210,482	(21,939)
Total Expenses	10,491,931	10,496,547	(4,616)
Change in Net Position	431,091	280,417	150,674
Net Position Beginning of Year	4,128,821	3,848,404	280,417
Net Position End of Year	$4,559,912	$4,128,821	$431,091

Chart 1
Governmental Revenue and Program Expenses



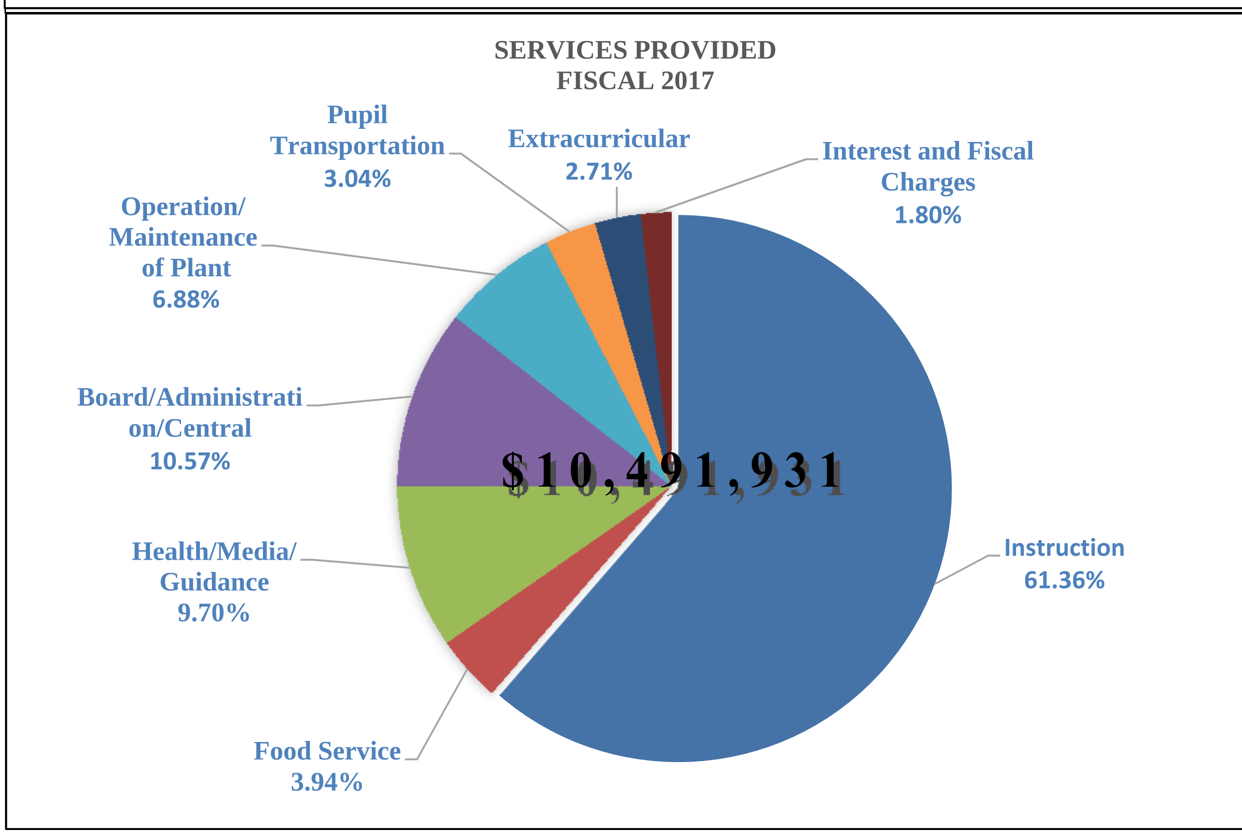


Chart 1 graphically depicts the breakdown of both the School District's revenue sources and the types of services provided. The School District's reliance upon State funds is demonstrated by this chart which indicates that grants and entitlements, which include State foundation, compose 53.67 percent of the total revenue with property taxes making up 19.81 percent of total revenues. The largest percentage of the services provided at 61.36 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 changed slightly over the past fiscal year. There was an increase in net position. The School District experienced an operating surplus in the general fund in the current year. This surplus is primarily due to carefully spending within the available resources. 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 administration is focused on cutting expenses so that the cost of operations does not exceed the resources available. The cash balances grew in fiscal year 2017. The School District continues to improve operation efficiencies where possible.

The School District is not anticipating any significant increase in State per pupil funding. With proper planning by the administration the necessary spending 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 Cost of Program Services
Governmental Activities

	2017		2016	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	$6,437,807	$4,221,340	$6,330,039	$4,124,929
Support Services:				
Pupils and Instructional Staff	1,017,698	1,017,698	1,012,108	1,012,108
Board of Education, Administration and Fiscal Services	1,103,591	1,103,591	1,038,556	1,038,556
Operation and Maintenance of Plant	722,045	670,158	741,495	706,098
Pupil Transportation	318,514	254,861	348,826	286,242
Central	5,461	5,461	56,528	56,528
Food Service Operations	413,937	(16,486)	421,507	(21,155)
Other Non-Instructional Services	415	415	889	889
Extracurricular Activities	283,920	170,590	336,117	209,134
Interest and Fiscal Charges	188,543	188,543	210,482	210,482
Total	$10,491,931	$7,616,171	$10,496,547	$7,623,811

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 $10,919,542 and expenditures of $10,138,410. Overall the total revenues increased by a total of $255,059 with a decrease in total expenditures of $121,818. The most significant reason for the change in revenues is an increase in intergovernmental revenues due to an increase in State foundation funding. The decrease in expenditures can be attributed to the continued streamlining of operations and the necessary cost-cutting measures.

The fund balance of the general fund increased by $681,262. The School District's revenue sources saw the biggest change in the intergovernmental revenue with an increase over the previous fiscal year of $586,716. The rest of the category changes were not significant, while operational expenditures were decreased by $88,049. Cash in the general fund increased by approximately 23 percent from $2,771,503 in fiscal year 2016 to $3,408,822 in fiscal year 2017 which is an increase of $637,319. The fund balance in the permanent improvement fund increased due to a decrease in capital outlay expenditures while continuing to pay down long-term obligations.

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 2017, 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 $8,978,175 representing a $2,895 decrease from the original budget estimate of $8,981,070. Most of this difference was due to a reduction in the estimate of tuition and fees revenues offset by property taxes. The School District's general fund balance at end of year was $3,253,987 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 2017, 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. The most significant decreases to the original budget were in regular and special instruction and pupil transportation. The adjustments to the other categories of expenditures were minor in comparison, but included all categories except student intervention services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017 the School District has $15,994,756 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 $788,101 which accounts for the total decrease for the period. You may discern from the following table that there were additional investments in capital assets of $155,478 during this accounting period. See Note 10 for further information on capital assets.

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

	2017	2016
Land	$962,729	$870,749
Land Improvements	243,387	276,615
Buildings and Improvements	13,719,569	14,291,375
Furniture and Equipment	1,059,921	1,140,315
Vehicles	9,150	48,325
Total Capital Assets	$15,994,756	$16,627,379

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 helps ensure that all assets of the School District are being protected from theft or loss.

Debt

At June 30, 2017, the Lisbon Exempted Village School District had reduced its bonded debt to $205,000. The School District paid $195,000 in bond principal and $12,768 in bond interest. See Notes 15 and 16 for further information on debt.

Table 5
Outstanding Debt at Fiscal Year End
Governmental Activities

	2017	2016
Refunded General Obligation Bonds		
Series 2004	$205,000	$400,000
Unamortized Premium	0	20,253
Capital Leases	3,672,453	3,881,091
Total	$3,877,453	$4,301,344

As of June 30, 2017, the School District's legal debt margin was $8,533,456 with an unvoted debt margin of $91,258. Capital leases do not count towards the School District's legal debt margin.

School District Outlook

Lisbon Exempted Village School District is presently financially stable and working on 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 could possibly face financial challenges. 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. Management is still optimistic about the future for this School District; however the following facts could change this outlook for the better or worse.

A one percent income tax levy was defeated in November 2016. 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.

We are dependent on outside factors for our future success. The State Formula provides sixty-two percent of the revenue for Lisbon Exempted Village School District's general fund. The legislature has developed a new funding model that was put in place during fiscal year 2015. At this time, projections show the School District receiving an increase in the Capacity Aid portion of the State funding model for fiscal year 2017 only and not any new additional State funding over the next two fiscal years. The School District is currently not on a guarantee of those State funds received in the previous fiscal year. Due to this fact, any changes in enrollment will affect our State funding amounts received.

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 has five teachers that are either currently eligible or approaching eligibility to retire over the next five 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 effect 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 condition in the State affects the 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 Vickie Browning-Prowitt, Treasurer at Lisbon Exempted Village School District, 317 North Market Street, Lisbon, Ohio 44432 or call (330) 424-7714 or E-mail vickie.prowitt@omeresa.net.

Lisbon Exempted Village School District

Statement of Net Position

June 30, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$5,645,383
Accounts Receivable	2,332
Intergovernmental Receivable	211,969
Inventory Held for Resale	12,652
Prepaid Items	11,786
Property Taxes Receivable	2,272,775
Nondepreciable Capital Assets	962,729
Depreciable Capital Assets, Net	15,032,027
Total Assets	24,151,653
Deferred Outflows of Resources	
Pension	2,322,965
Liabilities	
Accounts Payable	29,664
Accrued Wages and Benefits	616,091
Intergovernmental Payable	151,094
Accrued Interest Payable	20,026
Long-Term Liabilities:	
Due Within One Year	431,298
Due In More Than One Year:	
Net Pension Liability (See Note 12)	13,531,930
Other Amounts	3,896,811
Total Liabilities	18,676,914
Deferred Inflows of Resources	
Property Taxes	2,044,589
Pension	1,193,203
Total Deferred Inflows of Resources	3,237,792
Net Position	
Net Investment in Capital Assets	12,117,303
Restricted for:	
Debt Service	525,231
Capital Projects	805,725
Other Purposes	890,464
Unrestricted (Deficit)	(9,778,811)
Total Net Position	$4,559,912

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Statement of Activities

For the Fiscal Year Ended June 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	$5,140,783	$940,727	$333,559	$68,156	($3,798,341)
Special	1,272,709	89,391	783,954	0	(399,364)
Vocational	22,372	0	680	0	(21,692)
Intervention	1,943	0	0	0	(1,943)
Support Services:					
Pupils	691,708	0	0	0	(691,708)
Instructional Staff	325,990	0	0	0	(325,990)
Board of Education	34,762	0	0	0	(34,762)
Administration	772,823	0	0	0	(772,823)
Fiscal	296,006	0	0	0	(296,006)
Operation and Maintenance of Plant	722,045	19,972	31,915	0	(670,158)
Pupil Transportation	318,514	41,970	21,683	0	(254,861)
Central	5,461	0	0	0	(5,461)
Food Service Operations	413,937	116,303	314,120	0	16,486
Other Non-Instructional Services	415	0	0	0	(415)
Extracurricular Activities	283,920	101,869	11,461	0	(170,590)
Interest and Fiscal Charges	188,543	0	0	0	(188,543)
Totals	$10,491,931	$1,310,232	$1,497,372	$68,156	(7,616,171)

General Revenues	
Property Taxes Levied for:	
General Purposes	1,681,868
Debt Service	77,646
Capital Projects	404,062
Grants and Entitlements not Restricted to Specific Programs	5,862,803
Unrestricted Contributions	50
Investment Earnings	16,293
Miscellaneous	4,540
Total General Revenues	8,047,262
Change in Net Position	431,091
Net Position Beginning of Year	4,128,821
Net Position End of Year	$4,559,912

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Balance Sheet

Governmental Funds

June 30, 2017

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$3,408,822	$587,451	$1,517,466	$5,513,739
Property Taxes Receivable	1,834,782	400,983	37,010	2,272,775
Accounts Receivable	2,332	0	0	2,332
Interfund Receivable	4,711	0	0	4,711
Intergovernmental Receivable	103,296	0	108,673	211,969
Inventory Held for Resale	0	0	12,652	12,652
Prepaid Items	11,567	0	219	11,786
Total Assets	$5,365,510	$988,434	$1,676,020	$8,029,964
Liabilities				
Accounts Payable	$21,445	$0	$8,219	$29,664
Accrued Wages and Benefits	588,129	0	27,962	616,091
Intergovernmental Payable	145,884	0	5,210	151,094
Interfund Payable	0	0	4,711	4,711
Total Liabilities	755,458	0	46,102	801,560
Deferred Inflows of Resources				
Property Taxes	1,651,054	360,280	33,255	2,044,589
Unavailable Revenue	204,734	31,785	89,848	326,367
Total Deferred Inflows of Resources	1,855,788	392,065	123,103	2,370,956
Fund Balances				
Nonspendable	11,567	0	219	11,786
Restricted	21,374	596,369	1,522,379	2,140,122
Assigned	1,607,699	0	0	1,607,699
Unassigned (Deficit)	1,113,624	0	(15,783)	1,097,841
Total Fund Balances	2,754,264	596,369	1,506,815	4,857,448
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$5,365,510	$988,434	$1,676,020	$8,029,964

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Reconciliation of Total Governmental Fund Balances to

Net Position of Governmental Activities

June 30, 2017

Total Governmental Fund Balances		$4,857,448
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,994,756
Other long-term assets are not available to pay for current period expenditures and therefore are unavailable revenues in the funds:		
Delinquent Property Taxes	179,640	
Intergovernmental	146,727	
Total		326,367
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(20,026)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(205,000)	
Compensated Absences	(450,656)	
Capital Leases	(3,672,453)	
Total		(4,328,109)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	2,322,965	
Net Pension Liability	(13,531,930)	
Deferred Inflows - Pension	(1,193,203)	
Total		(12,402,168)
The 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 is included in governmental activities in the statement of net position.		131,644
Net Position of Governmental Activities		$4,559,912

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, 2017

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$1,682,793	$369,410	$133,333	$2,185,536
Intergovernmental	6,323,197	50,174	1,018,059	7,391,430
Interest	10,573	0	5,720	16,293
Tuition and Fees	1,047,167	0	0	1,047,167
Charges for Services	8,804	0	116,303	125,107
Extracurricular Activities	29,910	0	70,122	100,032
Contributions and Donations	6,810	0	4,701	11,511
Rentals	37,926	0	0	37,926
Miscellaneous	2,612	0	1,928	4,540
Total Revenues	9,149,792	419,584	1,350,166	10,919,542
Expenditures				
Current:				
Instruction:				
Regular	4,190,942	0	317,115	4,508,057
Special	1,018,342	0	255,950	1,274,292
Vocational	22,241	0	0	22,241
Student Intervention Services	1,777	0	0	1,777
Support Services:				
Pupils	677,774	0	0	677,774
Instructional Staff	241,859	0	9,362	251,221
Board of Education	32,050	0	0	32,050
Administration	770,836	0	0	770,836
Fiscal	277,363	0	3,323	280,686
Operation and Maintenance of Plant	617,805	0	75,621	693,426
Pupil Transportation	286,721	0	0	286,721
Central	5,461	0	0	5,461
Operation of Non-Instructional Services	0	0	415	415
Food Service Operations	0	0	428,778	428,778
Extracurricular Activities	200,070	0	72,296	272,366
Capital Outlay	0	17,507	0	17,507
Debt Service:				
Principal Retirement	73,638	135,000	195,000	403,638
Interest and Fiscal Charges	51,651	146,745	12,768	211,164
Total Expenditures	8,468,530	299,252	1,370,628	10,138,410
Net Change in Fund Balances	681,262	120,332	(20,462)	781,132
Fund Balances Beginning of Year	2,073,002	476,037	1,527,277	4,076,316
Fund Balances End of Year	$2,754,264	$596,369	$1,506,815	$4,857,448

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, 2017

Net Change in Fund Balances - Total Governmental Funds		$781,132
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Outlay	155,478	
Current Year Depreciation	(788,101)	
Total		(632,623)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	(21,960)	
Intergovernmental	25,440	
Total		3,480
Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		403,638
Some expenses 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:		
Accrued Interest	2,368	
Amortization of Bond Premium	20,253	
Total		22,621
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.		(8,154)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		570,857
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(709,860)
Change in Net Position of Governmental Activities		$431,091

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, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$1,647,000	$1,690,000	$1,692,375	$2,375
Intergovernmental	6,191,400	6,186,550	6,274,221	87,671
Interest	53,000	48,000	47,613	(387)
Tuition and Fees	1,058,370	1,025,150	1,035,816	10,666
Charges for Services	6,400	3,850	8,342	4,492
Contributions and Donations	400	25	50	25
Rent	21,000	19,600	37,972	18,372
Miscellaneous	3,500	5,000	4,794	(206)
Total Revenues	8,981,070	8,978,175	9,101,183	123,008
Expenditures				
Current:				
Instruction:				
Regular	4,944,087	4,743,301	4,309,935	433,366
Special	1,406,671	1,258,491	1,005,822	252,669
Vocational	26,050	30,382	23,015	7,367
Student Intervention Services	9,150	9,150	1,480	7,670
Support Services:				
Pupils	727,870	782,975	678,887	104,088
Instructional Staff	298,950	291,645	243,611	48,034
Board of Education	45,100	41,100	33,844	7,256
Administration	864,080	866,435	760,390	106,045
Fiscal	321,520	326,555	280,959	45,596
Operation and Maintenance of Plant	954,125	886,200	753,494	132,706
Pupil Transportation	499,880	381,755	288,442	93,313
Central	4,050	8,796	5,802	2,994
Extracurricular Activities	210,105	194,620	164,567	30,053
Total Expenditures	10,311,638	9,821,405	8,550,248	1,271,157
Net Change in Fund Balance	(1,330,568)	(843,230)	550,935	1,394,165
Fund Balance Beginning of Year	2,649,942	2,649,942	2,649,942	0
Prior Year Encumbrances Appropriated	53,110	53,110	53,110	0
Fund Balance End of Year	$1,372,484	$1,859,822	$3,253,987	$1,394,165

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Statement of Fund Net Position

Internal Service Fund

June 30, 2017

	Insurance
Assets	
Equity in Pooled Cash and Cash Equivalents	$131,644
Net Position	
Unrestricted	$131,644

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Statement of Revenues,

Expenses and Changes in Fund Net Position

Internal Service Fund

For the Fiscal Year Ended June 30, 2017

	Insurance
Operating Revenues	$0
Operating Expenses	0
Change in Net Position	0
Net Position Beginning of Year	131,644
Net Position End of Year	$131,644

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, 2017

	Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	$0
Cash and Cash Equivalents Beginning of Year	131,644
Cash and Cash Equivalents End of Year	$131,644

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2017

Assets	
Equity in Pooled Cash and Cash Equivalents	$46,857
Liabilities	
Due to Students	$46,857

See accompanying notes to the basic financial statements

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 59 certificated employees, 35 non-certificated employees and 6 administrative employees to provide services to 915 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 ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Lisbon Exempted Village School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Lisbon Exempted Village School District.

The School District participates in three jointly governed organizations, one insurance purchasing pool and one risk sharing pool. These organizations include the Columbiana County Career and Technical Center, the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), the Ohio Schools' Council, Sheakley/Better Business Bureau of Central Ohio Group Rating Program and the Portage Area School Consortium. These organizations are presented in Notes 18 and 19 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. Following are the more significant of the School District's accounting policies.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenue and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. The internal service fund is presented in a single column on the face of the proprietary fund statements. 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, proprietary 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 deferred outflows of resources and liabilities and deferred inflows of resources 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 and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Proprietary Funds Proprietary funds reporting focuses on the determination of operating income, changes in net position, 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 Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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.

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 outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). 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 Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12.)

Pensions For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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.

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 2017 in the State Treasury Asset Reserve of Ohio (STAR Ohio), First American Treasury Obligations Fund money market, negotiable certificates of deposit, federal national mortgage association notes, federal farm credit bank notes, federal home loan mortgage corporation notes, federal home loan bank notes and federal home loan bank bonds. Except STAR Ohio, investments are reported at fair value.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

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 2017 amounted to $10,573, which includes $816 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, 2017, 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.

Inventory

Inventories are presented at cost and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated and purchased food held for resale.

Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position 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 acquisition 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:

Descriptions	Governmental Activities Estimated Lives
Land Improvements	20 years
Buildings and Improvements	40 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	10 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Interfund balance amounts are eliminated in the statement of net position.

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, compensated absences and net pension liability that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

Net Position

Net position represents the difference between all other elements in the financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes include food service operations, student instruction, extracurricular activities, facilities maintenance, and bus purchases.

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

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the general fund, assigned amounts represent intended uses established by the Board of Education or by a School District official delegated that authority by resolution or State Statute. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education has assigned fund balance for support services and to cover a gap between revenues and appropriations in fiscal year 2018’s appropriated budget.

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

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

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. Any 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 receipted in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

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 – Changes in Accounting Principles

For fiscal year 2017, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the School District's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

The School District also implemented GASB's *Implementation Guide No. 2016-1*. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

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).

2. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

3. Budgetary revenues and expenditures of the public school support fund are reclassified to the general fund for GAAP Reporting.

4. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).

5. 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	$681,262
Net Adjustment for Revenue Accruals	(48,583)
Beginning Fair Value Adjustment for Investments	33,253
Ending Fair Value Adjustment for Investments	3,787
Perspective Difference:	
Public School Support	4,789
Net Adjustment for Expenditure Accruals	9,351
Encumbrances	(132,924)
Budget Basis	$550,935

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 as follows:

Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total
Nonspendable:				
Prepaids	$11,567	$0	$219	$11,786
Restricted for:				
Debt Service	0	0	525,231	525,231
Capital Projects	0	596,369	330,063	926,432
Food Service	0	0	614,062	614,062
Student Activities	0	0	53,023	53,023
Bus Purchases	21,374	0	0	21,374
Total Restricted	21,374	596,369	1,522,379	2,140,122
Assigned to:				
Support Services	30,409	0	0	30,409
Purchases on Order:				
Purchased Services	44,544	0	0	44,544
Materials and Supplies	7,211	0	0	7,211
Capital Outlay	65,176	0	0	65,176
Other	257	0	0	257
FY 2018 Operations	1,460,102	0	0	1,460,102
Total Assigned	1,607,699	0	0	1,607,699
Unassigned (Deficit)	1,113,624	0	(15,783)	1,097,841
Total Fund Balance	$2,754,264	$596,369	$1,506,815	$4,857,448

Note 6 – Fund Deficits

The deficit balances in the following special revenue funds as of June 30, 2017, resulted from adjustments for accrued liabilities.

Title I Grant	$9,393
Title II-A Grant	4,170
ECE Preschool Grant	2,220

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

Note 7 – Deposits and Investments

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

Active monies are public monies 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 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 bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;

4. Bonds and other obligations of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2);

7. The State Treasurer's investment pool (STAR Ohio); and

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.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $2,084,451 of the School District's bank balance of $2,334,451 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at one hundred two percent or a rate set by the Treasurer of State. Financial institution opting not to participate in OPCS will collateralize utilizing the specific pledge method at one hundred five percent.

Investments

Investments are reported at fair value. As of June 30, 2017, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Net Asset Value (NAV) per share:				
STAR Ohio	$5,147	Average 45.5 Days	AAAm	N/A
Fair Value - Level One Inputs:				
Treasury Obligations Money Market	5,716	Less than one year	AAAm	N/A
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	1,070,686	Less than one year	N/A	30.56%
Negotiable Certificates of Deposit	666,678	More than one year	N/A	19.03%
Federal National Mortgage Association Notes	308,412	Less than three years	AA+	8.80%
Federal National Mortgage Association Notes	343,093	Less than five years	AA+	9.79%
Federal Home Loan Mortgage Corporation Notes	458,099	Less than three years	AA+	13.08%
Federal Farm Credit Bank Discount Notes	208,268	Less than one year	A-1+	5.94%
Federal Farm Credit Bank Notes	189,853	Less than one year	AA+	5.42%
Federal Home Loan Bank Discount Note	148,748	Less than one year	A-1+	4.25%
Federal Home Loan Bank Bonds	98,808	Less than three years	AA+	2.82%
Total	$3,503,508			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2017. The treasury obligations money market is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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 Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

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

Note 8 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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 counties by June 30, 2017, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2017, 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 inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance of real property taxes at June 30, 2017, was $38,825 in the general fund, $8,918 in the permanent improvement fund, and $803 in the OSFC maintenance levy fund. The amount available as an advance of real property taxes at June 30, 2016, was $48,407 in the general fund, $7,312 in the bond retirement fund, $10,849 in the permanent improvement fund, and $1,004 in the OSFC maintenance levy fund.

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residental and Other Real Estate	$78,253,350	89.58 %	$80,842,100	88.59 %
Public Utility Personal	9,100,240	10.42	10,415,950	11.41
Total	$87,353,590	100.00 %	$91,258,050	100.00 %
Tax rate per $1,000 of assessed valuation	$34.30		$31.20	

The decrease in the tax rate is due to the bond levy ending after calendar year 2016 collections.

Tax Abatements

The School District's property taxes were reduced by $5,441 for fiscal year 2017 under community urban redevelopment agreements entered into by Columbiana County.

Note 9 – Receivables

Receivables at June 30, 2017, consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current 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:

Governmental Activities	Amounts
School Employees Retirement System Refund	$58,785
Title I Grant	55,264
ECE Preschool Grant	23,906
Bureau of Workers' Compensation Rebate	14,905
School Foundation Payment Report Adjustment	11,187
IDEA-B Special Education Grant	10,113
Regular Tuition	9,826
Title VI-B Rural and Low Income Grant	7,443
Improving Teacher Quality Grant	6,456
Medicaid Reimbursement	6,202
Federal Breakfast Grant	4,711
Special Education Tuition	1,685
Columbiana County Mental Health Recovery Board	930
Columbiana County Educational Service Center	556
Total	$211,969

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$870,749	$91,980	$0	$962,729
Capital Assets, being depreciated:				
Land Improvements	1,023,944	0	0	1,023,944
Buildings and Improvements	23,750,260	0	0	23,750,260
Furniture, Fixtures and Equipment	2,854,551	63,498	0	2,918,049
Vehicles	528,313	0	0	528,313
Total Capital Assets, being depreciated	28,157,068	63,498	0	28,220,566
Less Accumulated Depreciation:				
Land Improvements	(747,329)	(33,228)	0	(780,557)
Buildings and Improvements	(9,458,885)	(571,806)	0	(10,030,691)
Furniture, Fixtures and Equipment	(1,714,236)	(143,892)	0	(1,858,128)
Vehicles	(479,988)	(39,175)	0	(519,163)
Total Accumulated Depreciation	(12,400,438)	(788,101) *	0	(13,188,539)
Total Capital Assets, being depreciated, net	15,756,630	(724,603)	0	15,032,027
Governmental Activities Capital Assets, Net	$16,627,379	($632,623)	$0	$15,994,756

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$681,849
Special	420
Support Services:	
Instructional Staff	61,861
Board of Education	1,734
Operation and Maintenance of Plant	6,276
Pupil Transportation	17,543
Food Service Operations	11,831
Extracurricular Activities	6,587
Total Depreciation Expense	$788,101

Note 11 – 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 2017, 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 as follows:

Type of Coverage	Amount
Building and Contents – replacement costs	$41,732,491
Inland Marine Coverage	894,470
Crime Insurance	10,000
Automobile Liability	1,000,000
Auto Medical Payments	5,000
Uninsured Motorists	1,000,000
General Liability	
Per Occurrence	1,000,000
Total per year	2,000,000
Umbrella Liability	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 2017 the School District participated in the Sheakley/Better Business Bureau of Central Ohio Group Rating Program (GRP), an insurance purchasing pool (Note 19). 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

The School District is a member of the Portage Area School Consortium (the "Consortium"), a risk sharing pool (see Note 19), through which a cooperative Health Benefit Program was created for the benefits of its members. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for an u costs above the reserve.

The School District pays 88 percent of the insurance premium costs for all of the participating staff. For the period covering July 1, 2016, through June 30, 2017, the School District paid premiums in the amount of $1,343.05 for family coverage per month and $550.04 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.

Note 12 – Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description – School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

Benefit	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was $63,155 for fiscal year 2017. Of this amount $6,752 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $507,702 for fiscal year 2017. Of this amount $68,403 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.02959500%	0.03698656%	
Proportion of the Net Pension Liability Current Measurement Date	0.02845430%	0.03420468%	
Change in Proportionate Share	-0.00114070%	-0.00278188%	
Proportionate Share of the Net Pension Liability	$2,082,592	$11,449,338	$13,531,930
Pension Expense	$168,738	$541,122	$709,860

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$28,089	$462,608	$490,697
Changes of assumptions	139,024	0	139,024
Net difference between projected and actual earnings on pension plan investments	171,784	950,603	1,122,387
School District contributions subsequent to the measurement date	63,155	507,702	570,857
Total Deferred Outflows of Resources	$402,052	$1,920,913	$2,322,965
Deferred Inflows of Resources			
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	$113,189	$1,080,014	$1,193,203

$570,857 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	$36,950	($82,608)	($45,658)
2019	36,825	(82,607)	(45,782)
2020	102,553	282,167	384,720
2021	49,380	216,245	265,625
Total	$225,708	$333,197	$558,905

Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, compared with June 30, 2015, are presented as follows:

Method	June 30, 2016	June 30, 2015
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$2,757,222	$2,082,592	$1,517,899

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022 – Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no set back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61 %

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are excluded. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$15,215,239	$11,449,338	$8,272,577

Changes between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District's net pension liability is expected to be significant.

Note 13 – Postemployment Benefits

School Employees Retirement System

Health Care Plan Description – The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrator and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2017, the School District's surcharge obligation was $14,645.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $14,325, $14,645, and $24,207, respectively. For fiscal year 2017, none has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2016 and 2015.

State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2017, 2016, and 2015, STRS did not allocate any employer contributions to post-employment health care.

Note 14 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year depending upon length of service. Accumulated, unused vacation time is paid to classified employees 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 260 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.

Note 15 – Long-term Obligations

The changes in the School District's long-term obligations during fiscal year 2017 were as follows:

	Oustanding 6/30/2016	Additions	Deductions	Outstanding 6/30/2017	Due in One year
Governmental Acitivities:					
Refunded General Obligation Bonds	$400,000	$0	($195,000)	$205,000	$205,000
Unamortized Premium	20,253	0	(20,253)	0	0
Total Refunded General Obligation Bonds	420,253	0	(215,253)	205,000	205,000
Net Pension Liability					
SERS	1,688,719	393,873	0	2,082,592	0
STRS	10,222,003	1,227,335	0	11,449,338	0
Total Net Pension Liability	11,910,722	1,621,208	0	13,531,930	0
Compensated Absences	442,502	16,088	(7,934)	450,656	7,305
Capital Leases	3,881,091	0	(208,638)	3,672,453	218,993
Total Long-term Liabilities	$16,654,568	$1,637,296	($431,825)	$17,860,039	$431,298

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 percent compared to the rate of 6.25 percent 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 I and Title II-A funds. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from following funds: general, food service, ECE Preschool, Title I and Title II-A funds. For additional information related to the net pension liability see Note 12.

The School District's overall legal debt margin was $8,533,456 with an unvoted debt margin of $91,258 at June 30, 2017.

Principal requirements to retire general obligation bonds outstanding at June 30, 2017, are as follows:

	Principal	Interest
2018	$205,000	$3,946

Note 16 – 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 has been 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 District sites. The lease meets the criteria of a capitalized lease. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the general fund 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 $633,832 leaving a current book value of $2,357,168 as of June 30, 2017. Principal payments in fiscal year 2017 totaled $99,000 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 $36,000 for the period. Accumulated depreciation for this lease is $264,825 leaving a current book value of $912,175 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 depreciation on this lease was $394,227 leaving a book value of $820,773. Principal payments for the third lease total $73,638 for the period. The total amount owed on the three leases as of June 30, 2017 is $3,672,453.

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, 2017:

	Amount
Fiscal Year Ending June 30:	
2018	$404,153
2019	406,968
2020	406,264
2021	405,208
2022	404,764
2023-2027	1,648,494
2028-2032	1,164,201
2033-2037	308,924
Total Minimum Lease Payments	5,148,976
Less: Amount Representing Interest	1,476,523
Present Value of Minimum Lease Payments	$3,672,453

Note 17 – Set-Aside

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by 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.

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

	Capital Improvement
Set-aside Balance as of June 30, 2016	$0
Current Year Set-aside Requirement	158,457
Offsets	(371,341)
Qualifying Disbursements	(113,759)
Totals	($326,643)
Set-aside Balance as of June 30, 2017	$0

Although the School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

In addition to the above statutory set-aside, the School District also has $21,374 in monies restricted for school bus purchases. The total restricted for set asides at the end of the fiscal year was $21,374.

Note 18 – Jointly Governed Organizations

Columbiana County Career and Technical Center

The Columbiana County Career and Technical Center (the 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 six hundred 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-eight 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 School District contributed $67,030 for various fees associated with the agency's services during the 2017 fiscal year. To obtain financial information write to OME-RESA, Office of the Treasurer, 2230 Sunset Boulevard, Suite 2, Steubenville, Ohio 43952.

Ohio Schools' Council

The Ohio Schools' Council Association (the 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 2013. 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 percent over the next year. The participants make monthly payments based on actual usage with the discount being applied.

Note 19 – Public Entity Risk Pools

Insurance Purchasing Pool

The School District participates in the Sheakley/Better Business Bureau of Central Ohio Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a twenty-three member Board of directors lead by four elected officers consisting of the President, Chair, Vice-Chair and the Secretary/Treasurer. The Chair of the Better Business Bureau of Central Ohio, Inc., or his designee, serves as coordinator of the program. Each year, the participating entities pay an enrollment fee to the GRP to cover the costs of administering the program.

Risk Sharing Pool

The Portage Area School Consortium (the Consortium) was established in 1981 so that twelve educational-service providers in Portage County could manage risk exposures and purchase necessary insurance coverage as a group. As of June 30, 2017, there were 24 educational service providers participating in the health and welfare pool. 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 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. The Field Local School District acts as the fiscal agent for the consortium. To obtain financial information, write to the Field Local School District, Todd Carpenter, who serves as Treasurer, at 2900 State Route 43, Mogadore, Ohio 44260.

Note 20 – Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with 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, 2017.

School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The final adjustment was not material and is not reflected in the accompanying financial statements.

Litigation

The School District was not a party to any legal proceedings during the 2017 fiscal year.

Note 21 – Interfund Balances

Interfund balances at June 30, 2017, consisted of an interfund receivable in the general fund and an interfund payable in the miscellaneous federal grants special revenue fund of $4,711. The interfund loan was made to support the programs of the special revenue fund pending the receipt of grant money. The interfund balance will be repaid within one year.

Note 22 – Encumbrances

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

General	$132,924
Other Governmental Funds	26,647
Agency Funds	7,857
Total	$167,428

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Required Supplementary Information

Lisbon Exempted Village School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

*Last Four Fiscal Years (1) **

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.0284543%	0.0295950%	0.0316830%	0.0316830%
School District's Proportionate Share of the Net Pension Liability	$2,082,592	$1,688,719	$1,603,458	$1,884,086
School District's Covered Payroll	$852,821	$916,419	$879,168	$854,183
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	244.20%	184.27%	182.38%	220.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

Lisbon Exempted Village School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

*Last Four Fiscal Years (1) **

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.03420468%	0.03698656%	0.03948139%	0.03948139%
School District's Proportionate Share of the Net Pension Liability	$11,449,338	$10,222,003	$9,603,240	$11,439,317
School District's Covered Payroll	$3,556,279	$3,813,699	$4,033,036	$4,170,900
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	321.95%	268.03%	238.11%	274.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

Lisbon Exempted Village School District

Required Supplementary Information

Schedule of the School District's Contributions

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contribution	$63,155	$119,395	$120,784	$115,171
Contributions in Relation to the Contractually Required Contribution	(63,155)	(119,395)	(120,784)	(115,171)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll	$451,107	$852,821	$916,416	$879,168
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.10%

2013	2012	2011	2010	2009	2008
$111,898	$115,213	$102,000	$115,755	$96,515	$89,706
(111,898)	(115,213)	(102,000)	(115,755)	(96,515)	(89,706)
$0	$0	$0	$0	$0	$0
$854,183	$907,189	$863,675	$905,751	$1,061,771	$979,323
13.10%	12.70%	11.81%	12.78%	9.09%	9.16%

Lisbon Exempted Village School District

Required Supplementary Information

Schedule of the School District's Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contribution	$507,702	$497,879	$533,918	$524,295
Contributions in Relation to the Contractually Required Contribution	(507,702)	(497,879)	(533,918)	(524,295)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll	$3,626,443	$3,556,279	$3,813,699	$4,033,036
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%

2013	2012	2011	2010	2009	2008
$542,217	$586,137	$588,802	$580,416	$547,174	$527,996
(542,217)	(586,137)	(588,802)	(580,416)	(547,174)	(527,996)
$0	$0	$0	$0	$0	$0
$4,170,900	$4,508,746	$4,529,246	$4,464,738	$4,209,031	$4,061,508
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Changes in Assumptions – SERS

Amounts reported for fiscal year 2017 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for fiscal year 2017 use mortality assumptions with mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
National School Lunch Program	10.555	006	$219,779
National School Lunch Program - Commodities	10.555	006	29,175
School Breakfast Program	10.553	006	54,938
Total Child Nutrition Cluster			303,892
Team Nutrition Training Grant	10.574	006	4,711
Total Team Nutrition Training Grant			4,711
Total U.S. Department of Agriculture			**308,603**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies	84.010	572-9516	30,666
Title I Grants to Local Educational Agencies	84.010	572-9517	236,294
Total Title I Grants to Local Educational Agencies			266,960
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	516-9517	194,728
Total Special Education Cluster			194,728
Improving Teacher Quality - State Grants	84.367	590-9517	40,051
Total Improving Teacher Quality - State Grants			40,051
Rual Education Grant	84.358	599-9517	19,882
Total Rural Education Grant			19,882
Total U.S. Department of Education			**521,621**
Total Expenditures of Federal Awards			**$830,224**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lisbon Exempted Village School District (the School District's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lisbon Exempted Village School District, Columbiana County, (the School District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 28, 2018.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

February 28, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Lisbon Exempted Village School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Lisbon Exempted Village School District's major federal program for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on the Major Federal Program

In our opinion, the Lisbon Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

February 28, 2018

LISBON EXEMPTED VILLAGE SCHOOL
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR §200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Child Nutrition Cluster: National School Lunch Program – CFDA # 10.555 School Breakfast Program – CFDA #10.553
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	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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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
MARCH 22, 2018

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