



**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Lisbon Exempted Village School District
Columbiana County
431 East Chestnut Street
Lisbon, Ohio 44432

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Lisbon Exempted Village School District, Columbiana County, Ohio (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lisbon Exempted Village School District, Columbiana County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

October 13, 2000

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**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$403,554	\$132,965	\$36,294	\$56,492
Cash Equivalents:				
With Fiscal Agent			1,673	
Receivables:				
Taxes	1,231,545		553,698	60,817
Accounts	298	1,943		
Intergovernmental	8,084			4,000
Interfund	186,441			
Inventory Held for Resale				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	111,809			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund to Retire Long-Term Debt				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	<u>1,941,731</u>	<u>134,908</u>	<u>591,665</u>	<u>121,309</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS:				
Liabilities:				
Accounts Payable	3,065			
Accrued Wages	707,670	33,549		
Compensated Absences Payable	9,637			
Interfund Payable				36,441
Intergovernmental Payable	116,424	4,697		
Deferred Revenue	1,231,545		553,698	60,817
Due to Students				
Matured Bonds Payable			1,000	
Matured Interest Payable			673	
Accrued Interest Payable				11,499
Notes Payable				
Claims Payable				
Capital Lease Payable				
Energy Conservation Loan Payable				330,000
General Obligation Bonds Payable				
Total Liabilities	<u>2,068,341</u>	<u>38,246</u>	<u>555,371</u>	<u>438,757</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	27,044	3,801		8,903
Reserved for Bus Purchase	27,184			
Reserved for Budget Stabilization	84,625			
Unreserved, Undesignated (Deficit)	(265,463)	92,861	36,294	(326,351)
Total Fund Equity (Deficit) and Other Credits	<u>(126,610)</u>	<u>96,662</u>	<u>36,294</u>	<u>(317,448)</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$1,941,731</u>	<u>\$134,908</u>	<u>\$591,665</u>	<u>\$121,309</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$71,166	\$3,779	\$43,545			\$747,795
					1,673
					1,846,060
					2,241
					12,084
8,977					186,441
					8,977
					111,809
53,845			\$10,994,689		11,048,534
				\$36,294	36,294
				4,438,512	4,438,512
<u>133,988</u>	<u>3,779</u>	<u>43,545</u>	<u>10,994,689</u>	<u>4,474,806</u>	<u>18,440,420</u>
					3,065
6,994					748,213
5,626				374,635	389,898
	150,000				186,441
18,480				39,700	179,301
5,699					1,851,759
		43,545			43,545
					1,000
					673
					11,499
				1,200,000	1,200,000
	1,508				1,508
				270,471	270,471
					330,000
				2,590,000	2,590,000
<u>36,799</u>	<u>151,508</u>	<u>43,545</u>		<u>4,474,806</u>	<u>7,807,373</u>
					10,994,689
64,491			10,994,689		64,491
32,698	(147,729)				(115,031)
					39,748
					27,184
					84,625
					(462,659)
<u>97,189</u>	<u>(147,729)</u>		<u>10,994,689</u>		<u>10,633,047</u>
<u>\$133,988</u>	<u>\$3,779</u>	<u>\$43,545</u>	<u>\$10,994,689</u>	<u>\$4,474,806</u>	<u>\$18,440,420</u>

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Revenues:					
Intergovernmental	\$4,068,066	\$499,856	\$66,870	\$279,666	\$4,914,458
Interest	46,856				46,856
Tuition and Fees	760,852	5,277			766,129
Rent	18,883				18,883
Extracurricular Activities		124,798			124,798
Gifts and Donations	6,150	19,600			25,750
Customer Services		6,514			6,514
Property & Other Local Taxes	1,222,991		351,835	253,201	1,828,027
Total Revenues	6,123,798	656,045	418,705	532,867	7,731,415
Expenditures:					
Current:					
Instruction:					
Regular	3,488,908	246,527			3,735,435
Special	578,143	115,803			693,946
Support Services:					
Pupils	316,532	47,260			363,792
Instructional Staff	182,615	22,282			204,897
Board of Education	16,730				16,730
Administration	585,527	75,418			660,945
Fiscal	192,964	1,488			194,452
Operation and Maintenance of Plant	496,735				496,735
Pupil Transportation	345,229				345,229
Central	33,284				33,284
Non-Instructional Services	729				729
Extracurricular Activities	93,225	90,689			183,914
Capital Outlay				336,974	336,974
Debt Service:					
Principal Retirement			1,480,000	40,849	1,520,849
Interest and Fiscal Charges			225,751	30,956	256,707
Total Expenditures	6,330,621	599,467	1,705,751	408,779	9,044,618
Excess of Revenues Over (Under Expenditures)	(206,823)	56,578	(1,287,046)	124,088	(1,313,203)
Other Financing Sources (Uses):					
Proceeds from Sale of Long-Term Notes			1,200,072		1,200,072
Total Other Financing Sources (Uses)			1,200,072		1,200,072
Excess of Revenues and Other Financing Sources Over (Under) Financing Uses	(206,823)	56,578	(86,974)	124,088	(113,131)
Fund Balances at Beginning of Year	80,213	40,084	123,268	(441,536)	(197,971)
Fund Balances at End of Year	(\$126,610)	\$96,662	\$36,294	(\$317,448)	(\$311,102)

The notes to the general-purpose financial statements are an integral part of this statement.

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**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General		
	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$4,077,502	\$4,085,554	\$8,052
Interest	46,850	46,855	5
Tuition and Fees	760,831	760,854	23
Rent	18,850	18,883	33
Extracurricular Activities			
Gifts and Donations	6,150	6,150	
Customer Services			
Property & Other Local Taxes	<u>1,248,052</u>	<u>1,248,052</u>	
Total Revenues	<u>6,158,235</u>	<u>6,166,348</u>	<u>8,113</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,495,171	3,451,389	43,782
Special	613,495	583,190	30,305
Support Services:			
Pupils	336,755	307,617	29,138
Instructional Staff	196,369	181,836	14,533
Board of Education	17,793	17,334	459
Administration	594,027	589,252	4,775
Fiscal	202,172	193,560	8,612
Operation and Maintenance of Plant	531,308	499,917	31,391
Pupil Transportation	410,264	349,073	61,191
Central	34,034	33,854	180
Extracurricular Activities	92,592	92,539	53
Capital Outlay			
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	<u>6,523,980</u>	<u>6,299,561</u>	<u>224,419</u>
Excess of Revenues Over (Under) Expenditures	<u>(365,745)</u>	<u>(133,213)</u>	<u>232,532</u>
Other Financing Sources (Uses):			
Operating Transfers In	8,034	8,034	
Proceeds of Sale of Long-Term Notes			
Advances In	65,143	65,143	
Operating Transfers Out	(8,034)	(8,034)	
Advances Out	<u>(36,441)</u>	<u>(36,441)</u>	
Total Other Financing Sources (Uses)	<u>28,702</u>	<u>28,702</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(337,043)	(104,511)	232,532
Fund Balances at Beginning of Year	519,435	519,435	
Prior Year Encumbrances Appropriated	<u>68,535</u>	<u>68,535</u>	
Fund Balances at End of Year	<u>\$250,927</u>	<u>\$483,459</u>	<u>\$232,532</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Special Revenue			Debt Service		
Budget	Actual	Variance	Budget	Actual	Variance
\$427,293	\$427,293		\$66,870	\$66,870	
3,118	3,334	\$216			
124,761	124,798	37			
19,600	19,600				
6,514	6,514				
			499,504	499,504	
581,286	581,539	253	566,374	566,374	
239,209	210,748	28,461			
62,846	62,846				
49,917	49,015	902			
30,613	22,299	8,314			
83,261	75,597	7,664			
5,306	1,491	3,815			
107,752	92,772	14,980			
			1,935,000	1,935,000	
			247,485	243,900	\$3,585
578,904	514,768	64,136	2,182,485	2,178,900	3,585
2,382	66,771	64,389	(1,616,111)	(1,612,526)	3,585
			1,530,072	1,530,072	
			1,530,072	1,530,072	
2,382	66,771	64,389	(86,039)	(82,454)	3,585
60,818	60,818		118,748	118,748	
1,573	1,573				
\$64,773	\$129,162	\$64,389	\$32,709	\$36,294	\$3,585

(Continued)

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Capital Projects		
	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$275,666	\$275,666	
Interest			
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Customer Services			
Property & Other Local Taxes	117,255	117,255	
Total Revenues	392,921	392,921	
Expenditures:			
Current:			
Instruction:			
Regular	87,275	79,189	8,086
Special			
Support Services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal	4,600	3,435	1,165
Operation and Maintenance of Plant	72,719	58,098	14,621
Pupil Transportation	57,500	57,225	275
Central			
Extracurricular Activities			
Capital Outlay	207,894	207,875	19
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	429,988	405,822	24,166
Excess of Revenues Over (Under) Expenditures	(37,067)	(12,901)	24,166
Other Financing Sources (Uses):			
Operating Transfers In			
Proceeds of Sale of Long-Term Notes			
Advances In	36,441	36,441	
Operating Transfers Out			
Advances Out	(25,143)	(25,143)	
Total Other Financing Sources (Uses)	11,298	11,298	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(25,769)	(1,603)	24,166
Fund Balances at Beginning of Year	49,192	49,192	
Prior Year Encumbrances Appropriated			
Fund Balances at End of Year	\$23,423	\$47,589	\$24,166

The accompanying notes are an integral part of these financial statements.

Totals (Memorandum Only)		
Budget	Actual	Variance
\$4,847,331	\$4,855,383	\$8,052
46,850	46,855	5
763,949	764,188	239
18,850	18,883	33
124,761	124,798	37
25,750	25,750	
6,514	6,514	
<u>1,864,811</u>	<u>1,864,811</u>	
<u>7,698,816</u>	<u>7,707,182</u>	<u>8,366</u>
3,821,655	3,741,326	80,329
676,341	646,036	30,305
386,672	356,632	30,040
226,982	204,135	22,847
17,793	17,334	459
677,288	664,849	12,439
212,078	198,486	13,592
604,027	558,015	46,012
467,764	406,298	61,466
34,034	33,854	180
200,344	185,311	15,033
207,894	207,875	19
1,935,000	1,935,000	
<u>247,485</u>	<u>243,900</u>	<u>3,585</u>
<u>9,715,357</u>	<u>9,399,051</u>	<u>316,306</u>
<u>(2,016,541)</u>	<u>(1,691,869)</u>	<u>324,672</u>
8,034	8,034	
1,530,072	1,530,072	
101,584	101,584	
(8,034)	(8,034)	
(61,584)	(61,584)	
<u>1,570,072</u>	<u>1,570,072</u>	
(446,469)	(121,797)	324,672
748,193	748,193	
<u>70,108</u>	<u>70,108</u>	
<u>\$371,832</u>	<u>\$696,504</u>	<u>\$324,672</u>

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise	Internal Service	Totals (Memorandum Only)
Revenues:			
Sales	\$208,202		\$208,202
Charges for Services		\$553,019	553,019
Total Operating Revenues	<u>208,202</u>	<u>553,019</u>	<u>761,221</u>
 Expenses:			
Salaries	97,679		97,679
Fringe Benefits	51,840		51,840
Purchased Services	10,447	160,292	170,739
Cost of Sales	201,372		201,372
Claims		211,352	211,352
Depreciation	<u>8,514</u>		<u>8,514</u>
Total Operating Expenses	<u>369,852</u>	<u>371,644</u>	<u>741,496</u>
Operating Income (Loss)	<u>(161,650)</u>	<u>181,375</u>	<u>19,725</u>
 Non-Operating Revenues:			
Donated Commodities	26,605		26,605
Interest	2,915		2,915
Operating Grants	<u>137,186</u>		<u>137,186</u>
Total Non-Operating Revenues	<u>166,706</u>		<u>166,706</u>
Net Income	5,056	181,375	186,431
Retained Earnings (Deficit) at Beginning of Year	<u>27,642</u>	<u>(329,104)</u>	<u>(301,462)</u>
Retained Earnings (Deficit) at End of Year	32,698	(147,729)	(115,031)
Contributed Capital at Beginning and End of Year	<u>64,491</u>		<u>64,491</u>
Total Fund Equity at End of Year	<u>\$97,189</u>	<u>(\$147,729)</u>	<u>(\$50,540)</u>

The notes to the general-purpose financial statements are an integral part of this statement.

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**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**COMBINED STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Fund		
	Budget	Actual	Variance
Revenues:			
Sales	\$208,654	\$208,202	(\$452)
Operating Grants	156,746	158,527	1,781
Charges for Services			
Interest	1,400	2,915	1,515
Total Operating Revenues	<u>366,800</u>	<u>369,644</u>	<u>2,844</u>
Operating Expenses:			
Salaries	127,916	101,100	26,816
Fringe Benefits	53,765	52,752	1,013
Purchased Services	12,086	10,447	1,639
Materials and Supplies	195,459	175,888	19,571
Capital Outlay	775		775
Other			
Total Operating Expenses	<u>390,001</u>	<u>340,187</u>	<u>49,814</u>
Excess of Revenues Over (Under) Expenses	(23,201)	29,457	52,658
Advance In			
Advance Out			
Excess of Revenues Over (Under) Expenses and Advances	(23,201)	29,457	52,658
Fund Equity at Beginning of Year	41,473	41,473	
Prior Year Encumbrances Appropriated	136	136	
Fund Equity at End of Year	<u>\$18,408</u>	<u>\$71,066</u>	<u>\$52,658</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Internal Service Fund			Totals (Memorandum Only)		
Budget	Actual	Variance	Budget	Actual	Variance
			\$208,654	\$208,202	(\$452)
			156,746	158,527	1,781
\$553,019	\$553,019		553,019	553,019	
			1,400	2,915	1,515
553,019	553,019		919,819	922,663	2,844
			127,916	101,100	26,816
			53,765	52,752	1,013
162,379	160,292	2,087	174,465	170,739	3,726
			195,459	175,888	19,571
			775		775
351,706	351,260	446	351,706	351,260	446
514,085	511,552	2,533	904,086	851,739	52,347
38,934	41,467	2,533	15,733	70,924	55,191
(40,000)	(40,000)		(40,000)	(40,000)	
(1,066)	1,467	2,533	(24,267)	30,924	55,191
1,063	1,063		42,536	42,536	
1,250	1,250		1,386	1,386	
\$1,247	\$3,780	\$2,533	\$19,655	\$74,846	\$55,191

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise	Internal Service	Total (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$208,202		\$208,202
Cash Received from Quasi-External Transactions from Other Funds		\$553,019	553,019
Cash Payments to Suppliers for Goods and Services	(186,235)		(186,235)
Cash Payments to Employees for Services	(101,100)		(101,100)
Cash Payments for Employee Benefits	(52,752)	(160,292)	(213,044)
Cash Payments for Claims		(351,260)	(351,260)
Net Cash Provided by (Used for) Operating Activities:	(131,885)	41,467	(90,418)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	158,527		158,527
Advances In		(40,000)	(40,000)
Net Cash Provided by Noncapital Financing Activities:	158,527	(40,000)	118,527
Cash Flows from Investing Activities			
Interest on Investments	2,915		2,915
Net Cash Provided by Investing Activities	2,915		2,915
Net Decrease in Cash and Cash Equivalents	29,557	1,467	31,024
Cash and Cash Equivalents at Beginning of Year	41,609	2,312	43,921
Cash and Cash Equivalents at End of Year	71,166	3,779	74,945
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	(161,650)	181,375	19,725
Adjustments to Reconcile Operating Loss			
to Net Cash Used for Operating Activities:			
Depreciation	8,514		8,514
Donated Commodities Used During Year	26,605		26,605
Changes in Assets and Liabilities:			
Increase in Accounts Receivable		5,645	5,645
Increase in Inventory Held for Resale	(1,021)		(1,021)
Decrease in Accrued Wages	(3,421)		(3,421)
Decrease in Compensated Absences Payable	(621)		(621)
Increase in Intergovernmental Payable	(291)		(291)
Increase in Claims Payable		(145,553)	(145,553)
Total Adjustments	29,765	(139,908)	(110,143)
Net Cash Provided by (Used for) Operating Activities	(131,885)	41,467	(90,418)

The notes to the general-purpose financial statements are an integral part of this statement.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Lisbon Exempted Village School District (the "District") is a body politic and corporate organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District provides educational services and exercises the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally-elected five-member Board form of government. Each is elected to a four year term. The District provides educational services as mandated by State and/or federal agencies. The Board of Education controls the District's two instructional support facilities staffed by 48 classified employees, 78 certified full-time teaching personnel and 4 administrators who provide services to 1,303 students and other community members.

The District is located in Lisbon, Ohio, Columbiana County. The enrollment for the District during the 2000 fiscal year was 1,303. The District operated one elementary school (K-6) and one junior/senior high school (7-12).

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

Component units are legally separate organizations for which the School District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Based upon this criteria, the District does not have any component units.

The District is associated with organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations include the Columbiana County Career Center, Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 18, and 19 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

1. Governmental Fund Types:

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Types:

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

Enterprise Fund

The enterprise fund is used to account for District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's only enterprise fund accounts for food service.

Internal Service Fund

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

3. Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. There are two types of fiduciary funds, trust and agency. The District has no trust funds. The District's agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations.

4. Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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 the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized at the time they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. Governmental funds are legally required to be budgeted and appropriated. The Title VI-B funds were applied for and administered on behalf of the District by the Columbiana County Educational Service Center. Budgetary information for this fund is therefore not reported. The primary level of budgetary control has been established by the School District Board of Education at the object level within each fund. The day by day transactions are monitored at the fund, function and object level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2000.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted;

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the fund, function and/or object level. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

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

During fiscal year 2000, investments were limited to Repurchase Agreements and STAR Ohio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. The District has invested funds in the State Treasurer Assets Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

The District uses a financial institution to service bonded debt as principal and interest come due. The balance in this account is presented on the combined balance sheet as "cash and cash equivalents with fiscal agent."

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 2000 amounted to \$46,856, which includes \$13,120 assigned from other District funds.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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 District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not from the pool are considered to be investments.

E. Inventory

Materials and supplies inventory has not been reported in the governmental funds since the balance is not significant. Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first in, first out basis. Inventories of proprietary funds consist of donated food and purchased food and are expensed when used.

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not have 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. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straightline method over an estimated useful life of five to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

G. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a nonreimbursement basis, are recorded as receivable and revenues when measurable and available. Reimbursement type grants are recorded as receivable and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as nonoperating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Special Education Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Intergovernmental Revenues (Continued)

Special Revenue Funds

Disadvantaged Pupil Impact Aid - State Foundation Program
Textbook Subsidy

NonReimbursable Grants

Special Revenue Funds

Disadvantaged Pupil Program
Professional Development Grant
Education Management Information Systems
Title I
Title VI
Title VI-B
Drug-Free Schools

Capital Projects Funds

School Net
School Net Plus
Technology Equity
Ohio Facilities Emergency Grants
IDVL Grant

Reimbursable Grants

General Fund

Driver Education Reimbursements

Special Revenue Funds

E-Rate

Proprietary Funds

National School Breakfast Program
National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to 64 percent of the governmental fund revenue during the 2000 fiscal year.

H. Interfund Assets/Liabilities

Receivable and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

I. 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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources. The General obligation bonds, capital leases and long-term notes are reported as a liability of the general long-term obligations account group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, budget stabilization, and school bus purchases.

The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

M. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Because the District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpected revenues restricted for the purchase of buses, and amounts required by statute to create a reserve for budget stabilization. See Note 21 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals-(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. ACCOUNTABILITY

At June 30, 2000, the following funds had deficit balances:

General Fund	\$126,610
DPIA Fund	53
Title I Fund	8,260
Permanent Improvement Capital Project Fund	297,814
School Facilities Emergency Repair Program Capital Project Fund	36,441
Employee Benefit Internal Service Fund	147,729

These deficits resulted from adjustments for accrued liabilities. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

At June 30, 2000, the employee benefit internal service fund had a deficit retained earnings of \$147,729. Management is aware of the deficit and has changed the operations of the internal service fund to attempt to alleviate the deficit balance.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budget Basis)-All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity Budget and Actual (Budget Basis) - All Proprietary Fund Types are 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 basis are:

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

Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as a note disclosure in the proprietary fund type (GAAP basis).

The Title VI-B fund was reported as a special revenue fund (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types**

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$206,823)	\$56,578	(\$86,974)	\$124,088
Revenue Accruals	42,550	(74,506)	4,520	3,203
Revenue for Debt	0	0	143,149	(143,149)
Advance In	65,143	0	0	36,441
Proceeds of Notes	0	0	330,000	0
Expenditure Accruals	62,964	88,502	0	(6,289)
Debt Service Principal	0	0	(455,000)	0
Debt Service Interest	0	0	(18,149)	18,149
Advance Out	(36,441)	0	0	(25,143)
Encumbrances	(31,904)	(3,803)	0	(8,903)
Budget Basis	(\$104,511)	\$66,771	(\$82,454)	(\$1,603)

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

**Net Income(Loss)/Excess of Revenues
Over(Under) Expenses, and Advances All Proprietary Fund Types**

	Enterprise	Internal Service
GAAP Basis	\$5,056	\$181,375
Revenue Accrual	(5,264)	0
Expense Accrual	21,251	(139,909)
Depreciation Expense	8,514	0
Advance Out	0	(40,000)
Encumbrances	(100)	0
Budget Basis	\$29,457	\$1,466

5. DEPOSITS AND INVESTMENTS

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At fiscal year end, the carrying amount of the School District's deposits was (\$11,204) and the bank balance was \$ 79,638. The entire bank balance was covered by federal depository insurance.

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Amount	Fair Value
Repurchase Agreements	\$433,596	\$ 433,596	\$ 433,596
STAR Ohio		<u>438,885</u>	<u>438,885</u>
Totals		<u>\$ 872,481</u>	<u>\$ 872,481</u>

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 861,277	\$ 0
Investments:		
Repurchase Agreement	(433,596)	433,596
STAR Ohio	<u>(438,885)</u>	<u>438,885</u>
GASB Statement No. 3	<u>\$ (11,204)</u>	<u>\$872,481</u>

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. Property tax revenue received during calendar year 2000 for real and public utility property taxes represents collections of calendar year 1999 taxes. Property tax payments received during calendar year 2000 for tangible personal property (other than public utility property) is for calendar year 2000 taxes.

2000 real property taxes are levied after April 1, 2000 on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which fiscal year 2000 taxes were collected are:

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES (Continued)

	1999 Second - Half Collections		2000 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 55,103,130	83.65%	\$ 55,494,060	84.67%
Public Utility	5,574,540	8.46%	5,088,830	7.57%
Tangible Personal Property	<u>5,198,800</u>	<u>7.89%</u>	<u>4,963,480</u>	<u>7.76%</u>
Total Assessed Value	<u>\$ 65,876,470</u>	<u>100.00%</u>	<u>\$ 65,546,370</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 36.62		\$ 36.62	

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 later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Lisbon Exempted Village School District. The County Auditor periodically remits to the District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. There were no amounts available at June 30, 2000.

7. RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts, interfund, 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 year guarantee of federal funds.

A summary of intergovernmental receivables included \$8,084 in the general fund, \$3,100 for a drivers' education reimbursement, \$4,400 in Educational Service Center Handicap Preschool room rent fees and \$584 for tax refund from County Treasurer. \$4,000 was due the Schoolnet Fund for lunch professional development funds.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$ 170,280
Less Accumulated Depreciation	<u>(116,435)</u>
Net Fixed Assets	<u>\$ 53,845</u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$ 558,314	\$ 1,500	\$	\$ 559,814
Buildings and Improvements	7,330,077	265,816		7,595,893
Furniture, Fixtures and Equipment	2,359,017	65,500		2,424,517
Vehicles	<u>398,299</u>	<u>16,166</u>	<u> </u>	<u>414,465</u>
Totals	<u>\$10,645,707</u>	<u>\$ 348,982</u>	<u>\$ </u>	<u>\$ 10,994,689</u>

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the District contracted through the Hiscox & Weinstock Insurance Agency for property, inland marine, and boiler/machinery coverage. This 90 percent co-insurance all risk policy has a \$1,000 deductible through Nationwide Insurance.

General liability is protected by The Nationwide Insurance Company with a \$2,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible. Vehicles, including school buses, are covered by the Nationwide Insurance Company and hold a \$50 deductible for comprehensive and a \$100 deductible for collision. There is a \$2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation 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 participating school districts is calculated as one experience and a common premium rate is applied to all school districts 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 school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. RISK MANAGEMENT (Continued)

As of July 1, 1991, the District has been a stand-alone self-insured entity that contracts with a Third Party Administrator to process district medical/surgical and dental claims. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Benefit Services, Incorporated, located in Akron, Ohio, reviews all claims which are then paid by the District. The District purchases stop-loss coverage of \$25,000 per employee. The premium rate is established annually and is paid by the fund that pays the salary for the employee and is based on historical cost information. The District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document. The District pays 100% of the insurance premium costs. For the fiscal year 2000 the premiums were \$757.71 for family coverage and \$315.72 for single coverage. Upon termination, all District claims would be paid without regard to the District's account balance.

The District converted from a self-insured plan for medical/surgical and dental coverage to a fully insured plan with Medical Mutual of Ohio effective January 1, 2000. Funds were retained to meet claims liability obligations for the self-insured health plan. The District contracted with Benefit Services, Inc. to pay all claims incurred prior to January 1, 2000.

The claims liability of \$1,508 reported in the internal service fund at June 30, 2000, is based on a review of claims processed during the months of July and August, 2000 and determining those claims with service dates prior to January 1, 2000, and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include allocated or unallocated claims adjustment expense. Changes in the fund's claims liability amount for 1999 and 2000 were:

	Balance at Beginning of Year	Current Year Claims	Stop Loss Reimbursement	Claims Payments	Balance at End of Year
1999	\$301,713	\$476,015	\$ 5,644	\$636,312	\$147,060
2000	147,060	211,352	(5,644)	351,260	1,508

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is to fund pension obligations with the remainder being used to fund health care benefits; for the fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

For fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for the pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$63,903, \$50,575 and \$87,596 respectively; 46.24 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$52,455 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1999, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$498,445, \$497,413, and \$456,533 respectively; 82.19 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$83,143 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

11. POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$268,088 for fiscal year 2000.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 2.2 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$63,683.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expense. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

12. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn up to twenty days of vacation per year, depending upon length of service. Vacation days are credited to classified employees on the anniversary date of their employment and must be used within the next 12 months. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave can accumulate up to a maximum of 220 days for all personnel. Upon retirement, payment is made according to negotiated agreements.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Life Insurance Company.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
General Obligations Improvement				
Bonds, 1962, 6.25%	\$ 2,670,000	\$ 0	\$ 80,000	\$ 2,590,000
Bond Anticipation Notes, 1999, 4.00%	1,400,000	1,200,000	1,400,000	1,200,000
Compensated Absences	363,105	11,530	0	374,635
Intergovernmental Payables	37,824	39,700	37,824	39,700
Capital Leases	<u>311,320</u>	<u>0</u>	<u>40,849</u>	<u>270,471</u>
 Total General Long-Term Obligations	 <u>\$ 4,782,249</u>	 <u>\$ 1,251,230</u>	 <u>\$ 1,558,673</u>	 <u>\$ 4,474,806</u>

The \$1,200,000 bond anticipation note was rolled over to a Note on August 30, 2000. Bond anticipation notes that were rolled over prior to the issuance of the financial statements have a new maturity beyond the end of the fiscal year in which the report is issued, have been reported in the general long-term obligations account group and will be paid from the debt service fund. The \$1,200,000 note was issued at a premium of \$72.

Capital lease obligations will be paid from the permanent improvement fund. The general obligation bonds will be paid from the debt service fund. Proceeds from a bond issue were used to add classrooms at both buildings and an auditorium at the high school. Compensated absences will be paid from the fund which the person is paid. Intergovernmental payables represents unfunded pension contributions paid outside the available period and will be paid from General Fund, DPIA Special Revenue Fund, Title I Special Revenue Fund and the Lunchroom Proprietary Fund. The following is a summary of the District's future principal and interest requirement to retire general obligation bonds:

<u>Fiscal year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 85,000	\$ 155,316	\$ 240,316
2002	90,000	150,743	240,743
2003-2007	525,000	671,150	1,196,150
2008-2012	705,000	486,094	1,191,094
2013-2017	955,000	227,969	1,182,969
2018	<u>230,000</u>	<u>7,188</u>	<u>237,188</u>
 Total	 <u>\$2,590,000</u>	 <u>\$1,698,460</u>	 <u>\$4,288,460</u>

The District's overall legal debt margin was \$2,109,182 at June 30, 2000.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. NOTE DEBT

The District's note activity, including amounts outstanding, interest rates and purpose for which the notes were issued, is as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Energy Conservation Improvement Notes, 9/02/98 - 4.00%	\$ 455,000	\$	\$ 455,000	\$
Energy Conservation Improvement Notes, 9/02/99 - 4.21%	<u> </u>	<u>330,000</u>	<u> </u>	<u>330,000</u>
Total	<u>\$ 455,000</u>	<u>\$ 330,000</u>	<u>\$ 455,000</u>	<u>\$ 330,000</u>

The notes are backed by the full faith and credit of the District and mature within one year. The note liability is reflected in the fund which received the proceeds and which will repay the debt.

15. CAPITAL LEASES

The District entered into a capitalized lease for a bus garage. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds.

General fixed assets consisting of a bus garage have been capitalized in the general fixed assets account group in the amount of \$350,000. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligation account group. The total principal due during fiscal year 2000 was \$40,849.

The following is a schedule of future minimum payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2000:

	General Long-Term Obligations Account Group
Year Ending June 30, 2001	\$ 57,225
2002	57,225
2003	57,225
2004	57,225
Thereafter	<u>85,838</u>
Total minimum lease payments	314,73
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>44,267</u>
Present value of minimum lease payments	<u>\$ 270,471</u>

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. INTERFUND ACTIVITY

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 186,441	\$ 0
Employee Benefits Internal Service Fund	0	150,000
Emergency Repair Program Capital Project Fund	<u>0</u>	<u>36,441</u>
Total All Funds	<u>\$ 186,441</u>	<u>\$ 186,441</u>

17. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become 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, 2000.

B. Litigation

The District was not a party to any legal proceedings during the 2000 Fiscal Year.

18. JOINTLY GOVERNED ORGANIZATIONS

Columbiana County Career Center - The Columbiana County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the eight Columbiana County participating school districts' elected boards, which possesses its own budgeting and taxing authority. The District made contributions in the amount of \$2,139 for excess costs associated with the special education program. To obtain financial information, write to the Columbiana County Career Center, Office of the Treasurer, 9364 State Route 45, Lisbon, Ohio 44432.

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

OME-RESA is one of twenty-five regional service organizations serving over 600 public school districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

18. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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 fifty-two member districts in ten different counties. The superintendent of each member school district comprise the General Assembly. The General Assembly shall elect the Board of Directors to consist of a representative from each county within the approved geographic "A" site area. The superintendent of the fiscal agent district serves as chairman and the board elects a vice-chair annually. The Jefferson County Board of Education, Steubenville, Ohio acts as the fiscal agent for the OME-RESA and assumes the budgetary responsibility. The District contributed \$36,816 for various fees associated with the agency's services. To obtain financial information write to Jefferson County Educational Service Center, Office of the Treasurer, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

19. INSURANCE PURCHASING POOL

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

20. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$3,789,271 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997 decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

20. STATE SCHOOL FUNDING DECISION (Continued)

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

21. SET-ASIDE CALCULATION AND FUND RESERVES

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The District is also required to set aside money for budget stabilization.

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

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance, June 30, 1999	\$ 0	\$ 0	\$ 76,591	\$ 76,591
Current Year Set-Aside Requirement	128,843	128,843	42,947	300,633
Current Year Offsets		(87,629)	(34,913)	(122,542)
Qualifying Disbursements	<u>(132,788)</u>	<u>(41,214)</u>	<u>0</u>	<u>(174,002)</u>
Total	<u>\$ (3,945)</u>	<u>\$ 0</u>	<u>\$ 84,625</u>	<u>\$ 80,680</u>
Cash Balance Carried Forward FY2001	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 84,625</u>	<u>\$ 84,625</u>
Amount restricted for Bus Purchase				<u>\$ 27,184</u>
Total Restricted Assets				<u>\$111,809</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, the extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

22. SUBSEQUENT EVENTS

The District rolled over a short-term bond anticipation note in the amount of \$1,200,000 with a premium payment of \$1,869 at an effective rate of interest of 4.25% through Fifth Third Securities on August 30, 2000. This debt is reflected in the general long-term obligations account group. The District also retired the Energy Conservation Note principal in the amount of \$330,000 at its maturity date of August 31, 2000. This debt issue is reflected in the capital projects fund. Both of these notes were issued subsequent to the issuance of the annual financial report for fiscal year ending June 30, 2000.

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Receipts	Federal Non-Cash Receipts	Federal Disbursements	Federal Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution	N/A	10.550		\$27,320		\$26,605
School Breakfast Program	05-PU 2000	10.553	\$19,651		\$19,651	
National School Lunch Program	04-PU 2000	10.555	<u>128,179</u>		<u>128,179</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>147,830</u>	<u>27,320</u>	<u>147,830</u>	<u>26,605</u>
U.S. DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education:						
Title 1 Grants to Local Educational Agencies	C1-S1 1999 C1-S1 1999 C C1-S1 2000	84.010	58,821 24,467 <u>140,586</u>		62,846 24,467 <u>116,420</u>	
Total Title 1 Program			223,874		203,733	
Safe and Drug-Free Schools and Communities - State Grants	DR-S1 2000	84.186	13,436		13,392	
Goals 2000 - State and Local Education Systemic Improvement Program	G2-S4 1999	84.276			5,000	
Innovative Education Program Strategies	2-S1 1999 C C2-S1 2000	84.298	759 <u>6,293</u>		759 <u>6,293</u>	
Total Innovative Education Program			7,052		7,052	
Class Size Reduction Program	CR-S1 2000	84.340	<u>29,289</u>		<u>29,289</u>	
Total U. S. Department of Education			<u>273,651</u>		<u>258,466</u>	
Total Federal Receipts and Expenditures			<u>\$421,481</u>	<u>\$27,320</u>	<u>\$406,296</u>	<u>\$26,605</u>

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

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND
EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2000**

A. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

B. FOOD DISTRIBUTION

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



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Lisbon Exempted Village School District
Columbiana County
431 East Chestnut Street
Lisbon, Ohio 44432

To the Board of Education:

We have audited the general-purpose financial statements of the Lisbon Exempted Village School District, Columbiana County, Ohio, as of and for the year ended June 30, 2000, and have issued our report thereon dated October 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Lisbon Exempted Village School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated October 13, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lisbon Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated October 13, 2000.

This report is intended for the information and use of the audit committee, management, and the Board of Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 13, 2000



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Lisbon Exempted Village School District
Columbiana County
431 East Chestnut Street
Lisbon, Ohio 44432

To the Board of Education:

Compliance

We have audited the compliance of the Lisbon Exempted Village School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. Lisbon Exempted Village School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Lisbon Exempted Village School District's management. Our responsibility is to express an opinion on Lisbon Exempted Village School District's compliance based on our audit.

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

In our opinion, Lisbon Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of Lisbon Exempted Village School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lisbon Exempted Village School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Lisbon Exempted Village School District
Columbiana County
Report of Independent Accountants on Compliance With
Requirements Applicable to Its Major Federal Program and
Internal Control Over Compliance In Accordance With OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 13, 2000

**LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Program:	Title 1 Grants to Local Educational Agencies CFDA # 84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE



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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
JANUARY 16, 2001**