



Dave Yost • Auditor of State

**LIBERTY LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund	20
Statement of Fiduciary Assets and Liabilities-Agency Fund	21
Notes to the Basic Financial Statements	22
Required Supplementary Information.....	R1
Schedule of the School District's Proportionate Share of the Net Pension Liability School Employees Retirement System (SERS) of Ohio	R2
Schedule of the School District's Proportionate Share of the Net Pension Liability State Teachers Retirement System (STRS) of Ohio	R3
Schedule of District Contributions School Employees Retirement System (SERS) of Ohio	R4
Schedule of District Contributions State Teachers Retirement System (STRS) of Ohio.....	R6
Schedule of Receipts and Expenditures of Federal Awards (Prepared by Management)	53
Notes to the Schedule of Receipts and Expenditures of Federal Awards (Prepared by Management).....	54
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	55

**LIBERTY LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	57
Schedule of Findings.....	59
Schedule of Prior Audit Findings (Prepared by Management)	60



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Liberty Local School District
Trumbull County
4115 Shady Road
Youngstown, Ohio 44505

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Local School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Local School District, Trumbull County, Ohio, as of June 30, 2016, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 1, 2017

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Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

As management of the Liberty Local School District (the School District), we offer readers of the School District's financial statements this narrative and analysis of the financial activities of the School District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- Outstanding long-term obligations increased during fiscal year 2016 due to an increase in the net pension liability, which was slightly offset by annual general obligation debt payments.
- The School District's enrollment increased from fiscal year 2015 to fiscal year 2016. However, no new revenues were realized since the District is on the Guarantee of the State Foundation Program.
- The School District has three Emergency Levies that need to be renewed every five years. These levies must pass by majority vote of the community in order for the District to keep collecting their related tax revenue.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements The government-wide financial statements are designed to provide the reader with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statement distinguishes functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those that are primarily supported through user charges (*business-type activities*). The School District has no business-type activities. The governmental activities of the School District include instruction, support services, extracurricular activities, operation of non-instructional services and interest and fiscal charges.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related

Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

legal requirements. These fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general and bond retirement funds. All of the funds of the School District can be divided into two categories: governmental and fiduciary.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to financial educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Fund A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statements because the resources of this fund are not available to support the School District's own programs. These funds use the accrual basis of accounting.

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's Net Position for 2016 compared to 2015.

Table 1
 Net Position
 Governmental Activities

	2016	2015	Change
Assets			
Current and Other Assets	\$15,604,759	\$14,860,807	\$743,952
Capital Assets, Net	8,199,121	8,502,447	(303,326)
<i>Total Assets</i>	<u>23,803,880</u>	<u>23,363,254</u>	<u>440,626</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding Pension	0	18,515	(18,515)
	1,668,844	1,077,554	591,290
<i>Total Deferred Outflows of Resources</i>	<u>\$1,668,844</u>	<u>\$1,096,069</u>	<u>\$572,775</u>

Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Table 1
 Net Position
 Governmental Activities (continued)

	2016	2015	Change
Liabilities			
Current Liabilities	\$1,407,548	\$1,701,108	\$293,560
Long-Term Liabilities			
Due Within One Year	912,379	838,608	(73,771)
Due In More Than One Year:			
Net Pension Liability	16,710,412	15,122,032	(1,588,380)
Other Amounts Due in More Than One Year	6,929,421	7,783,513	854,092
<i>Total Liabilities</i>	<u>25,959,760</u>	<u>25,445,261</u>	<u>(514,499)</u>
Deferred Inflows of Resources			
Property Taxes	8,554,515	8,485,744	(68,771)
Pension	1,455,397	2,734,677	1,279,280
<i>Total Deferred Inflows of Resources</i>	<u>10,009,912</u>	<u>11,220,421</u>	<u>1,210,509</u>
Net Position			
Net Investment in Capital Assets	3,780,828	3,726,646	54,182
Restricted for:			
Capital Projects	428,367	410,548	17,819
Debt Service	1,752,280	1,574,481	177,799
Set-Asides	0	39,581	(39,581)
Honors Programs			
Nonexpendable	38,739	32,055	6,684
Other Purposes	282,115	153,330	128,785
Unrestricted (Deficit)	<u>(16,779,277)</u>	<u>(18,143,000)</u>	<u>1,363,723</u>
<i>Total Net Position (Deficit)</i>	<u>(\$10,496,948)</u>	<u>(\$12,206,359)</u>	<u>\$1,709,411</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

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

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

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

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

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

Current assets increased mainly due to an increase in cash and cash equivalents. The decrease in property taxes receivable can be attributed to the continued decrease in assessed values within the School District over the last few years. The decrease in capital assets was due to an additional year of depreciation exceeding additions.

The School District had an increase in total liabilities which can be attributed to an increase in the net pension liability which was slightly offset by the current year payments on the outstanding notes and bonds payable.

Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

In order to further understand what makes up the changes in net position for the current fiscal year, the following table gives readers further details regarding the results of activities for 2016 and 2015.

Table 2
Change in Net Assets
Governmental Activities

	2016	2015	Change
Program Revenues			
Charges for Services and Sales	\$1,135,865	\$1,064,300	\$71,565
Operating Grants, Interest and Contributions	2,104,083	1,804,821	299,262
Capital Grants	19,403	19,582	(179)
<i>Total Program Revenues</i>	<u>3,259,351</u>	<u>2,888,703</u>	<u>370,648</u>
General Revenues			
Property Taxes	8,156,294	8,187,314	(31,020)
Grants and Entitlements	6,273,971	6,007,924	266,047
Investment Earnings	5,958	61,527	(55,569)
Miscellaneous	101,471	143,004	(41,533)
<i>Total General Revenues</i>	<u>14,537,694</u>	<u>14,399,769</u>	<u>137,925</u>
<i>Total Revenues</i>	<u>17,797,045</u>	<u>17,288,472</u>	<u>508,573</u>
Program Expenses			
Instruction:			
Regular	\$8,801,479	\$8,284,383	(\$517,096)
Special	1,464,620	1,608,646	144,026
Support Services:			
Pupils	606,534	614,927	8,393
Instructional Staff	266,130	273,625	7,495
Board of Education	18,234	16,191	(2,043)
Administration	1,106,314	1,189,392	83,078
Fiscal	443,895	351,748	(92,147)
Business	972	1,944	972
Operation and Maintenance of Plant	1,107,501	1,076,631	(30,870)
Pupil Transportation	963,567	858,383	(105,184)
Central	332	581	249
Operation of Non-Instructional Services	7,696	1,500	(6,196)
Operation of Food Service	605,832	614,354	8,522
Extracurricular Activities	403,966	382,793	(21,173)
Interest and Fiscal Charges	290,562	375,295	84,733
<i>Total Program Expenses</i>	<u>16,087,634</u>	<u>15,650,393</u>	<u>(437,241)</u>
<i>Change in Net Position</i>	1,709,411	1,638,079	71,332
Net Position (Deficit) Beginning of Year	<u>(12,206,359)</u>	<u>(13,844,438)</u>	<u>1,638,079</u>
Net Position (Deficit) End of Year	<u><u>(\$10,496,948)</u></u>	<u><u>(\$12,206,359)</u></u>	<u><u>\$1,709,411</u></u>

The School District relies heavily upon property taxes and the State School Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs. The increase in operating grants can be attributed to the School District receiving an increase in grant monies compared to fiscal year 2015.

Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

The increase in program expenses can be attributed to the School District hiring two special education teachers, a psychologist, a 2 percent raise, as well as an increase in healthcare costs.

The *statement of activities* shows the cost of program services and charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2016 compared to 2015.

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2016		2015	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$8,801,479	\$7,392,130	\$8,284,383	\$6,993,827
Special	1,464,620	464,582	1,608,646	723,270
Support Services:				
Pupils	606,534	606,534	614,927	614,927
Instructional Staff	266,130	260,730	273,625	267,927
Board of Education	18,234	18,234	16,191	16,191
Administration	1,106,314	1,054,189	1,189,392	1,142,113
Fiscal	443,895	443,895	351,748	351,748
Business	972	972	1,944	1,944
Operation and Maintenance of Plant	1,107,501	974,011	1,076,631	992,713
Pupil Transportation	963,567	960,192	858,383	858,383
Central	332	332	581	581
Operation of Non-Instructional Services	7,696	500	1,500	1,500
Operation of Food Service	605,832	27,457	614,354	98,399
Extracurricular Activities	403,966	333,963	382,793	322,872
Interest and Fiscal Charges	290,562	290,562	375,295	375,295
Total	\$16,087,634	\$12,828,283	\$15,650,393	\$12,761,690

The dependence upon general revenues for governmental activities is apparent from Table 3. The majority of instructional activities are supported through taxes and other general revenues.

Financial Analysis of the Government's Funds

Governmental Funds Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,786,707 and expenditures of \$16,828,304. The general fund had an increase in fund balance due mainly to revenues outpacing increases in expenditures due to employee step increases. The bond retirement fund had an increase in fund balance due to revenues outpacing expenditures in the current year. Other Governmental Funds had an increase in fund balance due to an increase of intergovernmental monies.

Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund to be budgeted is the main operating fund of the School District, the general fund. During the course of fiscal year 2016, the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was lower than actual revenues which can be attributed to greater intergovernmental and miscellaneous revenue than expected. The final budget appropriations were greater than the original budget appropriations of the general fund. The change was attributed to increases in expenditures for regular instruction as well as support services. Overall, the change in the general fund balance was positive. This can be attributed to the cost cutting measures taken during the fiscal year and close monitoring of expenditures.

Capital Assets and Long-term Liabilities

Capital Assets

Table 4 shows fiscal 2016 values compared to fiscal 2015.

Table 4
 Capital Assets at June 30
 Governmental Activities

	2016	2015
Land	\$349,160	\$349,160
Land Improvements	91,700	126,871
Buildings and Improvements	7,373,467	7,714,933
Furniture and Fixtures	308,857	310,222
Vehicles	75,937	1,261
Total Capital Assets	\$8,199,121	\$8,502,447

The decrease in capital assets was due to an additional year of depreciation exceeding additions during fiscal year 2016. For more information about the School District's capital assets, see Note 9 to the basic financial statements.

Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Debt

Table 5 below summarizes the School District's long-term outstanding obligations.

Table 5
 Outstanding Long-term Obligations at June 30
 Governmental Activities

	2016	2015
2006 Refunding Bonds	\$0	\$751,708
Energy Conservation Improvement Bonds	2,327,350	2,327,350
2014 Refunding Bonds	4,397,390	4,411,516
Net Pension Liability	16,710,412	15,122,032
Capital Leases	20,903	50,876
Total	\$23,456,055	\$22,663,482

The 1997 general obligation bonds were issued to finance the construction of a new high school. The 2006 refunding bonds were issued to advance refund the callable portion of the 1997 general obligation bonds to take advantage of lower interest rates. The 2014 refunding bonds were issued to current refund the callable portion of the 2006 refunding bonds to take advantage of lower interest rates. The energy conservation improvement qualified school construction bonds were issued to provide for energy improvements to various School District buildings. The bonds will be repaid out of the general obligation bond retirement fund.

The School District's overall legal debt margin was \$14,700,950 with an unvoted debt margin of \$219,089. For more information about the School District's long-term obligations, see Note 11 to the basic financial statements for additional information.

School District Outlook

The Board of Education and administration closely monitor revenues and expenditures in accordance with its financial forecast. The financial future of the School District will continue to face challenges. These challenges stem from issues that are at both the local and State levels. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations.

Due to the unsettled issues in school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, all of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Bradley Panak, Treasurer, Liberty Local School District, 4115 Shady Road, Youngstown, Ohio 44505-1395.

Basic Financial Statements

Liberty Local School District

Statement of Net Position

June 30, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,402,288
Cash and Cash Equivalents with Fiscal Agents	938,224
Accounts Receivable	817
Intergovernmental Receivable	236,704
Prepaid Items	8,366
Inventory Held for Resale	11,038
Materials and Supplies Inventory	10,408
Property Taxes Receivable	9,996,914
Nondepreciable Capital Assets	349,160
Depreciable Capital Assets, Net	7,849,961
<i>Total Assets</i>	<u>23,803,880</u>
Deferred Outflows of Resources	
Pension	<u>1,668,844</u>
Liabilities	
Accounts Payable	51,474
Accrued Wages and Benefits	1,025,284
Intergovernmental Payable	308,092
Accrued Interest Payable	22,698
Long-Term Liabilities:	
Due Within One Year	912,379
Due In More Than One Year	
Net Pension Liability (See Note 16)	16,710,412
Other Amounts	<u>6,929,421</u>
<i>Total Liabilities</i>	<u>25,959,760</u>
Deferred Inflows of Resources	
Property Taxes	8,554,515
Pension	<u>1,455,397</u>
<i>Total Deferred Inflows of Resources</i>	<u>10,009,912</u>
Net Position	
Net Investment in Capital Assets	3,780,828
Restricted for:	
Capital Projects	428,367
Debt Service	1,752,280
Honors Programs	
Nonexpendable	38,739
Other Purposes	282,115
Unrestricted (Deficit)	<u>(16,779,277)</u>
<i>Total Net Position (Deficit)</i>	<u><u>(\$10,496,948)</u></u>

See accompanying notes to the basic financial statements

Liberty Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2016

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions		
Governmental Activities					
Instruction:					
Regular	\$8,801,479	\$691,954	\$717,395	\$0	(\$7,392,130)
Special	1,464,620	100,852	899,186	0	(464,582)
Support Services:					
Pupils	606,534	0	0	0	(606,534)
Instructional Staff	266,130	0	5,400	0	(260,730)
Board of Education	18,234	0	0	0	(18,234)
Administration	1,106,314	44,751	7,374	0	(1,054,189)
Fiscal	443,895	0	0	0	(443,895)
Business	972	0	0	0	(972)
Operation and Maintenance of Plant	1,107,501	114,087	0	19,403	(974,011)
Pupil Transportation	963,567	0	3,375	0	(960,192)
Central	332	0	0	0	(332)
Operation of Non-Instructional Services	7,696	0	7,196	0	(500)
Operation of Food Service	605,832	114,218	464,157	0	(27,457)
Extracurricular Activities	403,966	70,003	0	0	(333,963)
Interest and Fiscal Charges	290,562	0	0	0	(290,562)
Totals	\$16,087,634	\$1,135,865	\$2,104,083	\$19,403	(12,828,283)

General Revenues

Property Taxes Levied for:

General Purposes	7,077,591
Debt Service	947,832
Capital Outlay	130,871

Grants and Entitlements not Restricted

to Specific Programs	6,273,971
Investment Earnings	5,958
Miscellaneous	101,471

Total General Revenues

14,537,694

Change in Net Position

1,709,411

Net Position (Deficit) Beginning of Year

(12,206,359)

Net Position (Deficit) End of Year

(\$10,496,948)

See accompanying notes to the basic financial statements

Liberty Local School District

Balance Sheet

Governmental Funds

June 30, 2016

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,046,177	\$707,074	\$649,037	\$4,402,288
Cash and Cash Equivalents With Fiscal Agents	0	938,224	0	938,224
Accounts Receivable	817	0	0	817
Intergovernmental Receivable	2,076	0	234,628	236,704
Inventory Held for Resale	0	0	11,038	11,038
Materials and Supplies Inventory	8,918	0	1,490	10,408
Property Taxes Receivable	8,926,811	910,952	159,151	9,996,914
Prepaid Items	8,366	0	0	8,366
<i>Total Assets</i>	<u>\$11,993,165</u>	<u>\$2,556,250</u>	<u>\$1,055,344</u>	<u>\$15,604,759</u>
Liabilities				
Accounts Payable	\$43,052	\$0	\$8,422	\$51,474
Accrued Wages and Benefits	898,448	0	126,836	1,025,284
Intergovernmental Payable	281,237	0	26,855	308,092
<i>Total Liabilities</i>	<u>1,222,737</u>	<u>0</u>	<u>162,113</u>	<u>1,384,850</u>
Deferred Inflows of Resources				
Property Taxes	7,636,992	781,272	136,251	8,554,515
Unavailable Revenue	1,244,976	125,171	167,126	1,537,273
<i>Total Deferred Inflows of Resources</i>	<u>8,881,968</u>	<u>906,443</u>	<u>303,377</u>	<u>10,091,788</u>
Fund Balances				
Nonspendable	17,284	0	40,229	57,513
Restricted	0	1,649,807	579,751	2,229,558
Committed	6,964	0	0	6,964
Assigned	254,313	0	0	254,313
Unassigned (Deficit)	1,609,899	0	(30,126)	1,579,773
<i>Total Fund Balances</i>	<u>1,888,460</u>	<u>1,649,807</u>	<u>589,854</u>	<u>4,128,121</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,993,165</u>	<u>\$2,556,250</u>	<u>\$1,055,344</u>	<u>\$15,604,759</u>

See accompanying notes to the basic financial statements

Liberty Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2016*

Total Governmental Fund Balances	\$4,128,121
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Amounts reported for governmental activities in the statement of net position are different because

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,199,121
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds.

Delinquent Property Taxes	1,392,251
Intergovernmental	<u>145,022</u>

Total	1,537,273
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The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension	1,668,844
Deferred Inflows - Pension	(1,455,397)
Net Pension Liability	<u>(16,710,412)</u>

Total	(16,496,965)
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

(22,698)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds	(6,724,740)
Capital Leases	(20,903)
Compensated Absences	<u>(1,096,157)</u>

Total	<u>(7,841,800)</u>
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<i>Net Position of Governmental Activities</i>	<u><u>(\$10,496,948)</u></u>
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See accompanying notes to the basic financial statements

Liberty Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$7,192,825	\$962,506	\$132,898	\$8,288,229
Intergovernmental	6,552,329	283,172	1,412,304	8,247,805
Interest	5,917	0	46	5,963
Tuition and Fees	837,557	0	0	837,557
Extracurricular Activities	0	0	70,003	70,003
Contributions and Donations	0	0	7,374	7,374
Charges for Services	0	0	114,218	114,218
Rentals	114,087	0	0	114,087
Miscellaneous	93,556	0	7,915	101,471
<i>Total Revenues</i>	<u>14,796,271</u>	<u>1,245,678</u>	<u>1,744,758</u>	<u>17,786,707</u>
Expenditures				
Current:				
Instruction:				
Regular	7,985,457	0	619,756	8,605,213
Special	1,178,603	0	306,345	1,484,948
Support Services:				
Pupils	636,940	0	0	636,940
Instructional Staff	262,372	0	5,400	267,772
Board of Education	18,234	0	0	18,234
Administration	1,156,686	0	690	1,157,376
Fiscal	417,789	0	0	417,789
Business	972	0	0	972
Operation and Maintenance of Plant	1,094,115	15,646	0	1,109,761
Pupil Transportation	970,254	0	3,375	973,629
Central	332	0	0	332
Operation of Non-Instructional Services	500	0	7,196	7,696
Operation of Food Service	0	0	585,040	585,040
Extracurricular Activities	263,212	0	99,081	362,293
Capital Outlay	0	0	132,455	132,455
Debt Service:				
Principal Retirement	29,973	760,000	0	789,973
Interest and Fiscal Charges	4,506	273,375	0	277,881
<i>Total Expenditures</i>	<u>14,019,945</u>	<u>1,049,021</u>	<u>1,759,338</u>	<u>16,828,304</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>776,326</u>	<u>196,657</u>	<u>(14,580)</u>	<u>958,403</u>
Other Financing Sources (Uses)				
Transfers In	4,184	0	30,000	34,184
Transfers Out	(30,000)	(4,184)	0	(34,184)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,816)</u>	<u>(4,184)</u>	<u>30,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	750,510	192,473	15,420	958,403
<i>Fund Balances Beginning of Year</i>	<u>1,137,950</u>	<u>1,457,334</u>	<u>574,434</u>	<u>3,169,718</u>
<i>Fund Balances End of Year</i>	<u>\$1,888,460</u>	<u>\$1,649,807</u>	<u>\$589,854</u>	<u>\$4,128,121</u>

See accompanying notes to the basic financial statements

Liberty Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2016*

Net Change in Fund Balances - Total Governmental Funds	\$958,403
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Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (303,326)

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

Delinquent Property Taxes	(131,935)	
Intergovernmental	<u>142,273</u>	
 Total		 10,338

Repayment of bond and capital lease principal as well as capital appreciation bond accretion are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 789,973

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

Amortization of Accretion	(35,023)	
Amortization of Premium	48,598	
Amortization of Discount	(7,741)	
Amortization of Deferred Charge on Refunding	<u>(18,515)</u>	
 Total		 (12,681)

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (15,486)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 994,748

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (712,558)

<i>Change in Net Position of Governmental Activities</i>	<u><u>\$1,709,411</u></u>
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See accompanying notes to the basic financial statements

Liberty Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$6,827,400	\$6,868,831	\$6,868,831	\$0
Intergovernmental	6,457,300	6,587,685	6,605,808	18,123
Interest	4,500	5,769	5,917	148
Tuition and Fees	803,500	793,299	792,806	(493)
Rentals	75,000	114,790	114,789	(1)
Miscellaneous	72,500	84,160	94,525	10,365
<i>Total Revenues</i>	14,240,200	14,454,534	14,482,676	28,142
Expenditures				
Current:				
Instruction:				
Regular	7,747,350	8,106,879	8,030,112	76,767
Special	1,310,652	1,171,075	1,161,058	10,017
Support Services:				
Pupils	626,433	648,387	634,937	13,450
Instructional Staff	316,641	285,383	277,955	7,428
Board of Education	19,398	19,408	18,259	1,149
Administration	1,241,087	1,208,480	1,163,206	45,274
Fiscal	187,202	426,085	411,089	14,996
Business	3,600	3,600	972	2,628
Operation and Maintenance of Plant	1,105,575	1,181,851	1,082,981	98,870
Pupil Transportation	941,699	1,051,214	962,384	88,830
Central	10,700	10,700	332	10,368
Operation of Non-Instructional Services	1,500	1,500	500	1,000
Extracurricular Activities	279,284	306,917	263,294	43,623
<i>Total Expenditures</i>	13,791,121	14,421,479	14,007,079	414,400
<i>Excess of Revenues Over (Under) Expenditures</i>	449,079	33,055	475,597	442,542
Other Financing Sources (Uses)				
Transfers In	0	4,184	4,184	0
Transfers Out	0	(30,000)	(30,000)	0
<i>Total Other Financing Sources (Uses)</i>	0	(25,816)	(25,816)	0
<i>Net Change in Fund Balance</i>	449,079	7,239	449,781	442,542
<i>Fund Balance Beginning of Year</i>	2,378,428	2,378,428	2,378,428	0
Prior Year Encumbrances Appropriated	72,229	72,229	72,229	0
<i>Fund Balance End of Year</i>	\$2,899,736	\$2,457,896	\$2,900,438	\$442,542

See accompanying notes to the basic financial statements

Liberty Local School District
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2016

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$23,692</u>
Liabilities	
Due to Students	<u>\$23,692</u>

See accompanying notes to the basic financial statements

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1 - Description of the School District and Reporting Entity

Liberty Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District is located in Northeast Ohio, in Trumbull County, in the greater metropolitan Youngstown area.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's elementary school and middle/high school staffed by 64 non-certified and 93 certificated personnel who provide services to 1,302 students and other community members.

Reporting Entity

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

Non-public Schools - Within the School District boundaries, there are various non-public schools. Current State legislature provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the treasurer of the School District, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

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

The School District is associated with two jointly governed organizations. These organizations are the Northeast Ohio Management Information Network and the Trumbull Career and Technical Center. These organizations are presented in Note 14 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School 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 more significant of the School District's accounting policies are described below.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Basis of Presentation

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

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

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

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

Fund Accounting

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

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

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Bond Retirement Fund The bond retirement fund accounts for and reports the accumulation of property tax revenues restricted for the payment of principal and interest and fiscal charges on general obligation debt.

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

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

Measurement Focus

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

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

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

property taxes is recognized in the fiscal year in which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 16.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 16)

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

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

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Cash and Cash Equivalents

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

During fiscal year 2016, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

The School District utilizes a financial institution to set aside the mandatory sinking fund payments required for the energy conservation improvement qualified school construction bonds. The balance in this account is presented 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 2016 amounted to \$5,917, of which \$1,792 is assigned from other School District funds.

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

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies and donated and purchased food held for resale.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. See Note 20 for additional information regarding set asides.

Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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

Description	Governmental Activities Estimated Lives
Land Improvements	20 years
Building and Improvements	20 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	8 years
Textbooks	10 years

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees with ten years of service at any age within the School District.

Accrued Liabilities and Long-term Obligations

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

Bond Premiums and Discounts

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

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Fund Balance

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

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

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

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for auxiliary services and extracurricular activities.

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

Estimates

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

Budgetary Data

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

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

Note 3 – Fund Balances

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<i>Nonspendable</i>				
Inventory	\$8,918	\$0	\$1,490	\$10,408
Honors Program	0	0	38,739	38,739
Prepays	8,366	0	0	8,366
<i>Total Nonspendable</i>	17,284	0	40,229	57,513
<i>Restricted for</i>				
Scholarships	0	0	5,572	5,572
Athletics	0	0	31,653	31,653
Auxiliary Services	0	0	30,951	30,951
Early Childhood Educational Programs	0	0	75,421	75,421
Student Programs	0	0	29,891	29,891
Debt Service Payments	0	1,649,807	0	1,649,807
Capital Improvements	0	0	406,263	406,263
<i>Total Restricted</i>	0	1,649,807	579,751	2,229,558
<i>Committed to</i>				
Other Purposes	6,964	0	0	6,964
<i>Assigned to</i>				
Purchases on Order				
Operation and Maintenance of Plant	27,277	0	0	27,277
Special Trust	15,262	0	0	15,262
Public School Support	19,333	0	0	19,333
Retirement Trust	59,928	0	0	59,928
Fiscal Year 2017 appropriations	132,513	0	0	132,513
<i>Total Assigned</i>	254,313	0	0	254,313
<i>Unassigned (Deficit)</i>	1,609,899	0	(30,126)	1,579,773
<i>Total Fund Balances (Deficit)</i>	\$1,888,460	\$1,649,807	\$589,854	\$4,128,121

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 4 – Accountability and Compliance

Accountability

Fund balances at June 30, 2016, included individual fund deficits in the food service, title VI-B and reducing class size special revenue funds in the amounts of \$3,884, \$21,711, \$3,041.

The special revenue funds deficit balance resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).
4. Budgetary revenues and expenditures of the special trust, public school support and retirement trust are classified to general fund for GAAP Reporting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund:

Net Change in Fund Balance	
	General
GAAP Basis	\$750,510
Net Adjustment for Revenue Accruals	(358,346)
Perspective Difference:	
Special Trust	(100)
Public School Support	242
Retirement Trust	(60)
Net Adjustment for Expenditure Accruals	9,234
Encumbrances	48,301
Budget Basis	\$449,781

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 6 - Deposits and Investments

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

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

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

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$5,109,399 of the School District's bank balance of \$5,359,399 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

As of June 30, 2016, the School District's only investment was in STAR Ohio which is measured at net asset value per share.

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

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

Note 7 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

The School District receives property taxes from Trumbull County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2016, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2016, was \$44,843 in the general fund, \$4,509 in the bond retirement fund and \$796 in the permanent improvement fund. The amount available as an advance at June 30, 2015, was \$79,537 in the general fund, \$8,177 in the bond retirement fund and \$1,411 in the permanent improvement fund.

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$212,189,110	96.95%	\$212,004,680	96.77%
Public Utility Personal	6,686,310	3.05	7,084,200	3.23
Total	\$218,875,420	100.00%	\$219,088,880	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$51.80		\$51.80	

Note 8 - Receivables

Receivables at June 30, 2016, consisted of taxes, accounts (rent and student fees), tuition, School Employees Retirement System reimbursement 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. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Title I Grant	\$156,700
Title VI-B Grant	34,793
Improving Teacher Quality Grant	29,874
Public School Preschool Grant	9,082
Food Service	4,179
Ohio Medicaid	1,262
SFPR	814
Total	\$236,704

Note 9 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Nondepreciable Capital Assets				
Land	\$349,160	\$0	\$0	\$349,160
Depreciable Capital Assets				
Land Improvements	\$1,328,044	\$0	\$0	\$1,328,044
Buildings and Improvements	16,578,418	0	0	16,578,418
Furniture and Fixtures	1,966,352	105,971	0	2,072,323
Vehicles	975,261	81,000	0	1,056,261
Textbooks	911,660	0	0	911,660
<i>Total at Historical Cost</i>	21,759,735	186,971	0	21,946,706
Less: Accumulated Depreciation				
Land Improvements	(1,201,173)	(35,171)	0	(1,236,344)
Buildings and Improvements	(8,863,485)	(341,466)	0	(9,204,951)
Furniture and Fixtures	(1,656,130)	(107,336)	0	(1,763,466)
Vehicles	(974,000)	(6,324)	0	(980,324)
Textbooks	(911,660)	0	0	(911,660)
<i>Total Accumulated Depreciation</i>	(13,606,448)	(490,297) *	0	(14,096,745)
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	8,153,287	(303,326)	0	7,849,961
<i>Governmental Activities Capital Assets, Net</i>	\$8,502,447	(\$303,326)	\$0	\$8,199,121

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

* Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$363,382
Support Services	
Fiscal	27,816
Operation and Maintenance of Plant	21,089
Pupil Transportation	6,112
Operation of Food Service	29,078
Extracurricular Activities	42,820
Total Depreciation Expense	\$490,297

Note 10 – Fund Obligations

The School District’s note activity, including amount outstanding and interest rate, is as follows:

	Outstanding June 30, 2015	Additions	Deletions	Outstanding June 30, 2016
2010 3.40% Tax Anticipation Notes	\$355,200	\$0	\$355,200	\$0

On June 29, 2010, the School District issued \$1,776,000 in tax anticipation notes for general operations of the School District. The coupon interest rate is 3.40 percent and the notes matured on December 1, 2015. The tax anticipation notes were paid from the general fund with property tax revenues.

Note 11 – Long-Term Obligations

Original issue amounts and interest rates of the School District’s debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2006 Refunding Bonds:			
Serial Bonds	2.90% to 3.70%	\$5,690,000	2007 to 2021
Capital Appreciation Bonds	6.70%	644,994	2014 to 2015
2011 Energy Conservation Improvement Bonds			
Term Bonds	5.43%	2,327,350	2025
2014 Refunding Bonds:			
Serial Bonds	2.50% to 4.50%	4,335,000	2016 to 2020

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Changes in long-term obligations of the School District during fiscal year 2016 were as follows:

	Principal Outstanding June 30, 2015	Additions	Deductions	Principal Outstanding June 30, 2016	Amount Due in One Year
Governmental Activities					
General Obligation Bonds					
2006 Refunding Bonds					
Capital Appreciation Bonds	\$305,193	\$0	(\$305,193)	\$0	\$0
Accretion on Bonds	419,784	35,023	(454,807)	0	0
Premium	26,731	0	(26,731)	0	0
Total 2006 Refunding Bonds	<u>751,708</u>	<u>35,023</u>	<u>(786,731)</u>	<u>0</u>	<u>0</u>
Energy Conservation Improvement Bonds	<u>2,327,350</u>	<u>0</u>	<u>0</u>	<u>2,327,350</u>	<u>0</u>
2014 Refunding Bonds					
Serial Bonds	4,335,000	0	0	4,335,000	805,000
Premium	118,446	0	(21,867)	96,579	0
Discount	(41,930)	0	7,741	(34,189)	0
Total 2014 Refunding Bonds	<u>4,411,516</u>	<u>0</u>	<u>(14,126)</u>	<u>4,397,390</u>	<u>805,000</u>
<i>Total General Obligation Bonds</i>	<u>7,490,574</u>	<u>35,023</u>	<u>(800,857)</u>	<u>6,724,740</u>	<u>805,000</u>
Other Long-term Obligations					
Net Pension Liability:					
STRS	12,348,736	1,387,738	0	13,736,474	0
SERS	2,773,296	200,642	0	2,973,938	0
Total Net Pension Liability	<u>15,122,032</u>	<u>1,588,380</u>	<u>0</u>	<u>16,710,412</u>	<u>0</u>
Capital Lease	50,876	0	(29,973)	20,903	20,903
Compensated Absences	1,080,671	99,144	(83,658)	1,096,157	86,476
<i>Total Other Long-term Obligations</i>	<u>16,253,579</u>	<u>1,687,524</u>	<u>(113,631)</u>	<u>17,827,472</u>	<u>107,379</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$23,744,153</u>	<u>\$1,722,547</u>	<u>(\$914,488)</u>	<u>\$24,552,212</u>	<u>\$912,379</u>

On March 30, 2006, the School District issued \$6,633,414 in general obligation bonds to which included serial and capital appreciation (deep discount) bonds in the amounts of \$5,590,000 and \$644,994, respectively. The general obligation bonds were issued for the purpose of advance refund the callable portion of the 1997 general obligation bonds to take advantage of lower interest rates. The general obligation bonds were retired from the debt service fund and matured December 2015.

The capital appreciation bonds were retired at June 30, 2016. The capital appreciation bonds were originally sold at a discount of \$885,006, which was accreted annually until the point of maturity of the capital appreciation bonds which was during 2016.

On December 14, 2010, the School District issued \$2,327,350 in energy conservation improvement qualified school construction bonds to provide for energy improvements to various School District buildings. The primary source of repayment of this obligation is through energy savings as a result of the improvements. The improvements were not capitalized. The bonds were issued for a 15 year period and are subject to mandatory sinking fund payments. The School District may elect to receive payment directly from the

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Secretary of the United States Treasury equal to 97 percent of the corresponding interest payable on this issue. The bonds will be repaid from the bond retirement debt service fund.

On December 2, 2013, the School District issued general obligation bonds, in the amount of \$4,335,000, to currently refund bonds previously issued in fiscal year 2006 to advance refund the callable portion of 1997 general obligation bonds. The current refunding was undertaken to take advantage of lower interest rates. The bonds were issued with interest rates varying from 2.5 percent to 4.5 percent and were issued for a 8 year period with final maturity on December 1, 2020. The bonds will be retired through the general obligation bond retirement debt service fund.

The bonds were sold at a premium of \$153,069 and a discount of \$54,187. The proceeds of the refunding bond were deposited in an irrevocable trust with an escrow agent to provide for the optional redemption on January 1, 2014 of \$4,345,000 of the outstanding 2006 refunding bonds so as to discharge and satisfy the obligations of the School District.

The School District decreased its aggregated debt service payments by \$158,196 over the next eight years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$141,526.

Compensated absences will be paid from the general fund and the food service, public school preschool, title VI-B, title I and improving teacher quality special revenue funds. The School District pays obligations related to employee compensation from the fund benefitting from their service. The capital lease will be paid from the general fund.

The overall debt margin of the School District as of June 30, 2016, was \$14,700,950 with an unvoted debt margin of \$219,089. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2016, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds	
	Serial	
	Principal	Interest
2017	\$805,000	\$135,938
2018	845,000	111,087
2019	885,000	76,387
2020	930,000	40,200
2021	870,000	11,963
Total	\$4,335,000	\$375,575

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Fiscal Year Ending June 30,	2011 Energy Conservation Improvement Bonds			
	Principal	Interest	Subsidy	Sinking Fund Payment
2017	\$0	\$126,375	(\$122,186)	\$155,157
2018	0	126,375	(122,186)	155,157
2019	0	126,375	(122,186)	155,157
2020	0	126,375	(122,186)	155,157
2021	0	126,375	(122,186)	155,157
2022-2026	2,327,350	568,688	(549,835)	(775,785)
Total	\$2,327,350	\$1,200,563	(\$1,160,765)	\$0

Note 12 – Capital Lease

In previous fiscal years, the School District entered into capitalized lease obligations for copier equipment. These leases meet criteria for a capital lease and have been recorded on the government-wide statements.

The assets acquired through these capital leases are as follows:

<i>Asset:</i>	
Equipment & Furniture	\$139,079
Less: Accumulated Depreciation	(124,223)
Total Book Value as of June 30, 2016	\$14,856

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2016.

Fiscal Year Ending June 30,	Governmental Activities
2017	\$21,331
Less: Amount Representing Interest	(428)
Present Value of Net Minimum Lease Payments	\$20,903

Capital lease payments have been reclassified and reflected as debt service in the fund financial statements for the general fund. These expenditures are reflected as program expenditures on a budgetary basis.

Note 13 – Interfund Transfers

The general fund transferred \$30,000 to the district managed student activity special revenue fund to help fund athletic events. The bond retirement debt service fund transferred \$4,184 to the general fund to assist with debt payments.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 14 - Jointly Governed Organizations

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among twenty-nine school districts and two educational service centers in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. Liberty Local School District paid \$40,424 to NEOMIN during fiscal year 2016.

The Governing board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, the fiscal agent (or NEOMIN). The Liberty Local School District was not represented on the Governing Board during fiscal year 2016. The Board exercises total control over the operations of NEOMIN including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

Trumbull Career and Technical Center The Trumbull Career and Technical Center (the Center) is a distinct political subdivision of the State of Ohio providing vocational needs of the students. The Center is operated under the direction of a Board consisting of one representative from each of the nineteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. The Board exercises total control over the operations of the Trumbull Career and Technical Center including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain financial information write to the Trumbull Career and Technical Center, Gary Ghizzoni, who serves as Treasurer, at 528 Educational Highway, Warren, Ohio 44483.

Note 15 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles and general liability.

General liability insurance is maintained in the amount of \$5,000,000 for each occurrence and \$7,000,000 in the aggregate.

The School District maintains fleet insurance in the amount of \$5,000,000 for any one accident or loss.

The School District maintains replacement cost insurance on buildings and contents in the amount of \$59,017,592.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have not been significant reductions in coverage from last year.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Employee Health Benefits

Effective January 1, 2014, the School District elected to provide employee medical/surgical, prescription drug and vision insurance through a fully funded program with the Ohio School Benefits Consortium and Medical Mutual. Effective January 1, 2016, the School District elected to provide dental through Delta Dental. Premium rates are \$1,627.46 for family coverage and \$704.49 for single coverage. Employees pay \$142.54 per month towards the premium.

Worker's Compensation

The School District pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll times the contribution rate established by Worker's Compensation for the School District. This rate is calculated based on accident history and administrative costs.

Note 16 – Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$229,088 for fiscal year 2016. Of this amount \$41,435 is reported as an intergovernmental payable.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was increased one percent to 14 percent. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$765,660 for fiscal year 2016. Of this amount \$104,771 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.05479800%	0.05076883%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.05211860%</u>	<u>0.04970307%</u>	
Change in Proportionate Share	<u>-0.00267940%</u>	<u>-0.00106576%</u>	
Proportionate Share of the Net Pension Liability	\$2,973,938	\$13,736,474	\$16,710,412
Pension Expense	\$150,120	\$562,438	\$712,558

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$47,886	\$626,210	\$674,096
School District contributions subsequent to the measurement date	<u>229,088</u>	<u>765,660</u>	<u>994,748</u>
Total Deferred Outflows of Resources	<u><u>\$276,974</u></u>	<u><u>\$1,391,870</u></u>	<u><u>\$1,668,844</u></u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$98,536	\$987,912	\$1,086,448
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>120,147</u>	<u>248,802</u>	<u>368,949</u>
Total Deferred Inflows of Resources	<u><u>\$218,683</u></u>	<u><u>\$1,236,714</u></u>	<u><u>\$1,455,397</u></u>

\$994,748 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2017	(\$74,169)	(\$285,140)	(\$359,309)
2018	(74,169)	(285,140)	(359,309)
2019	(74,396)	(285,140)	(359,536)
2020	<u>51,937</u>	<u>244,916</u>	<u>296,853</u>
Total	<u><u>(\$170,797)</u></u>	<u><u>(\$610,504)</u></u>	<u><u>(\$781,301)</u></u>

Actuarial Assumptions - SERS

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Changes Between Measurement Date and Report Date In April 2016, the SERS Board adopted certain assumption changes which impact their annual actuarial valuation prepared as of June 30, 2018. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the School District's net pension liability is expected to be significant.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$4,123,783	\$2,973,938	\$2,005,673

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Asset Class	Target Allocation	10 Year Expected Nominal Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$19,081,000	\$13,736,474	\$9,216,882

Note 17 – Postemployment Benefits

School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no allocation of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the School District's surcharge obligation was \$25,832.

The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$2,197, and \$2,229, respectively. The full amount has been contributed for fiscal years 2015 and 2014.

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care. For the fiscal year ended June 30, 2014, one percent of covered payroll was allocated to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015 and 2014 were \$0, \$0 and \$52,523, respectively. The full amount has been contributed for 2014.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 18 - Other Employee Benefits

Compensated Absences

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for twenty-five percent of the total sick leave accumulation up to a maximum of 80 days for both certified and classified employees. An employee receiving such payment must meet the retirement provisions set by STRS Ohio and SERS.

Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance in the amount of \$75,000 to certified and classified employees.

Note 19 - Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2016, if applicable, cannot be determined at this time.

School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the School District, therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or a liability of the School District.

Litigation

The School District is a party to legal proceedings. The School District is of the opinion that ultimate disposition of these claims will not have a material effect, if any, on the financial condition of the School District.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 20 - Set Asides

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

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

	Capital Improvements
Set Aside Balance as of June 30, 2015	\$0
Current Year Set-aside Requirement	202,489
Current Year Offsets	(152,916)
Qualifying Disbursements	(89,646)
Total	(\$40,073)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set Aside Balance as of June 30, 2016	\$0

Note 21 – Encumbrances

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

General	\$48,301
Other Governmental Funds	127,015
Total	\$175,316

Note 22 – Change in Accounting Principle

For fiscal year 2016, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” GASB Statement No. 79, “Certain External Investment Pools and Pool Participants” and GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73.”

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the School District’s fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the School District's financial statements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The School Districts participates in STAR Ohio which implemented GASB Statement No. 79 for fiscal year 2016. The School District incorporated the corresponding GASB 79 guidance into their fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the School District's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

Required Supplementary Information

Liberty Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the
Net Pension Liability
School Employees Retirement System of Ohio
*Last Three Fiscal Years (1)**

	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.05211860%	0.05479800%	0.05479800%
School District's Proportionate Share of the Net Pension Liability	\$2,973,938	\$2,773,296	\$3,258,661
School District's Covered Payroll	\$1,556,844	\$1,592,328	\$1,698,237
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	191.02%	174.17%	191.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

Liberty Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the
Net Pension Liability
State Teachers Retirement System of Ohio
*Last Three Fiscal Years (1)**

	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.04970307%	0.05076883%	0.05076883%
School District's Proportionate Share of the Net Pension Liability	\$13,736,474	\$12,348,736	\$14,709,734
School District's Covered Payroll	\$5,213,393	\$5,144,243	\$5,536,569
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	263.48%	240.05%	265.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

Liberty Local School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$229,088	\$205,192	\$220,697	\$235,036
Contributions in Relation to the Contractually Required Contribution	<u>(229,088)</u>	<u>(205,192)</u>	<u>(220,697)</u>	<u>(235,036)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$1,636,343	\$1,556,843	\$1,592,328	\$1,698,237
Contributions as a Percentage of Covered Payroll	14.00%	13.18%	13.86%	13.84%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$259,962	\$256,183	\$270,465	\$202,510	\$197,314	\$190,249
<u>(259,962)</u>	<u>(256,183)</u>	<u>(270,465)</u>	<u>(202,510)</u>	<u>(197,314)</u>	<u>(190,249)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,932,803	\$2,038,052	\$1,997,527	\$2,058,031	\$2,009,312	\$1,781,358
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

Liberty Local School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$765,660	\$729,875	\$668,752	\$719,754
Contributions in Relation to the Contractually Required Contribution	<u>(765,660)</u>	<u>(729,875)</u>	<u>(668,752)</u>	<u>(719,754)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$5,469,000	\$5,213,393	\$5,144,243	\$5,536,569
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	13.00%

2012	2011	2010	2009	2008	2007
\$758,345	\$784,300	\$821,537	\$862,484	\$883,542	\$830,494
(758,345)	(784,300)	(821,537)	(862,484)	(883,542)	(830,494)
\$0	\$0	\$0	\$0	\$0	\$0
\$5,833,423	\$6,033,077	\$6,319,515	\$6,634,492	\$6,796,477	\$6,388,415
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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LIBERTY LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program/Cluster Title	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
<i>Nutrition Cluster:</i>			
National School Breakfast Program	10.553	\$120,227	\$120,227
National School Lunch Program	10.555	325,850	325,850
<i>Non-Cash Assistance:</i>			
National School Lunch Program	10.555	39,222	39,222
Total U.S. Department of Agriculture - Nutrition Cluster		485,299	485,299
National School Lunch Program Equipment	10.579	7,196	7,196
Total U.S. Department of Agriculture		<u>492,495</u>	<u>492,495</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	67,915	53,127
	84.010	383,496	398,296
Total Title I Part A Grants to Local Educational Agencies Cluster		<u>451,411</u>	<u>451,423</u>
<i>Special Education Cluster:</i>			
Special Education Grants to States	84.027	16,719	20,380
	84.027	228,660	228,354
Total Special Education Grants to States - Special Education Cluster		<u>245,379</u>	<u>248,734</u>
Improving Teacher Quality State Grants	84.367	2,419	4,944
	84.367	45,894	45,361
Total Improving Teacher Quality State Grants		<u>48,313</u>	<u>50,305</u>
Total U.S. Department of Education		<u>745,103</u>	<u>750,462</u>
Totals:		<u>\$1,237,598</u>	<u>\$1,242,957</u>

The accompanying notes are an integral part of this schedule.

**LIBERTY LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Liberty Local School District (the District's) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Liberty Local School District
Trumbull County
4115 Shady Road
Youngstown, Ohio 44505

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Liberty Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 1, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
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www.ohioauditor.gov

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

February 1, 2017



Dave Yost • Auditor of State

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

Bradley Panak, Treasurer
Liberty Local School District
Trumbull County
4415 Shady Road
Youngstown, Ohio 44505

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Liberty Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Liberty Local School District's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Liberty Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

February 1, 2017

LIBERTY LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

LIBERTY LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Posting Budgetary Adjustments	Corrective Action Taken and Finding is Fully Corrected;	



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LIBERTY LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 14, 2017