LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2009

Mary Taylor, CPA
Auditor of State

LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lisbon Exempted Village School District, Columbiana County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lisbon Exempted Village School District, Columbiana County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards.* You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 18, 2009

The discussion and analysis in the following pages includes tables and graphic illustrations representing the management's view of the overall performance of the Lisbon Exempted Village School District's financial activities for the fiscal year ended June 30, 2009. It is the chief financial officer's responsibility to report annually on the status of operations and it is with great pleasure that I present to you this overview of the financial position of the District. The overall intent of this discussion and analysis is to look at the District's financial activities as a whole and how and why some facts may change its performance in the future. This is intended to be a clear presentation to our taxpayers and any others who may be interested in our District's finances.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2009 are as follows:

¤ The District's total net assets increased from $19,983,748 to $20,088,200 for a gain of $104,452 during this year's operations. The net assets of Governmental activities increased .5 percent.

¤ Revenues for governmental activities totaled $10,810,686 in 2009. This total was comprised of General revenues in the amount of $6,927,000 and program revenues totaling $3,883,686. Program revenues are grants, fees and donations; general (non-program) revenue is foundation from the State of Ohio and local taxes charged to residents of the District. In table 2 below, you will find the detailed cost of each program to our District.

¤ Program expenses totaled $10,706,234. Instructional expenses made up 59.1 percent of this total while support services accounted for 29.7 percent. Other expenses rounded out the remaining 11.2 percent.

¤ Outstanding general obligation bonded debt decreased from $1,670,000 to $1,535,000 in 2009.

USING THIS ANNUAL REPORT

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

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

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

Statement of Net Assets and the Statement of Activities

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

- Governmental Activities – All of the School District's instructional activities are reported here. Property Taxes, State and Federal Grants and fees finance the majority of activity in this group.

- Business-Type Activities – If the Board of Education sets a fee designed to offset the cost of operating a program, then this defines a business-type activity. The District does not have any of this type of activity.

Analysis of the District as a whole begins on page 4. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting method used by most private-sector companies. The most important aspect of accrual accounting is that it takes into account all of the current year's revenues and expenses regardless of when cash is received or paid out.

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

Reporting the School District's Most Significant Funds

Analysis of the District's major fund begins on page 8. The fund financial statements begin on page 15 and provide detailed information about each significant fund in contrast to the previously described District-wide reporting. Most of the funds are required to be established by State law. Using strict definitions the District's major governmental funds are the General fund and Permanent Improvement fund.

Governmental Funds

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

The School District as a Whole

The Statement of Net Assets looks at the District as a whole. The District's total net assets increased from a year ago. Table 1, shows an increase to $20,088,200 from $19,983,748. The increase in Net Assets cannot be primarily attributed to any one item. As a whole the District received funds over this financial period which exceeded the amount of funds expended for its activities. There was an increase in the depreciable capital assets coupled with a decrease in the long-term liabilities due in more than one year. The combination of these two factors with relatively insignificant changes in all other asset and liability categories resulted in a net gain in the total net assets of the district.

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

(Table 1)
Net Assets

	Governmental Activities	
	2009	2008
Assets		
Current and Other Assets	$ 6,926,243	$ 7,407,317
Capital Assets	22,082,473	21,716,504
Total Assets	29,008,716	29,123,821
Liabilities		
Long-Term Liabilities	(5,961,141)	(6,204,134)
Other Liabilities	(2,959,375)	(2,935,939)
Total Liabilities	(8,920,516)	(9,140,073)
Net Assets		
Invested In Capital Assets, Net of Related Debt	16,776,979	16,185,505
Restricted	1,002,138	1,922,246
Unrestricted	2,309,083	1,875,997
Total Net Assets	$20,088,200	$19,983,748

Current and Other Assets decreased in part due to the fact that the entire capital lease principal being held with a Fiscal Agent on behalf of the District in the amount of $1,081,042 was expended during the fiscal year. There was also an increase of $691,896 in Equity and Pooled Cash and Cash Equivalents from the previous period. The Capital Assets increased as a result of the net effect of the addition of the fixed asset financed by the capital lease and current fiscal year depreciation. The other asset categories showed very little change between the two fiscal years.

Total liabilities decreased by $219,557 for this reporting period. The most significant factor contributing to the decrease in liabilities was the retirement of the principal represented in the long-term liabilities category, due in more than one year.

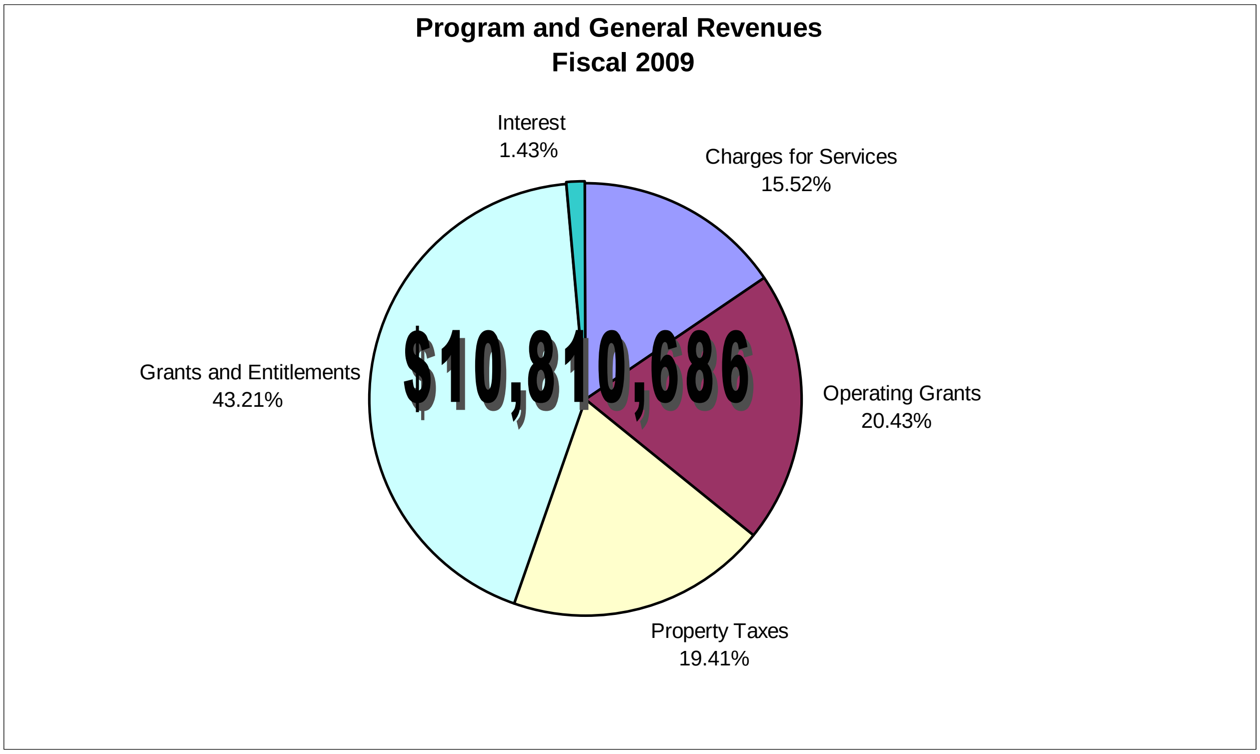
Capital Assets overall also show an increase from the previous fiscal year. There was an increase in Capital Assets in the gross amount of $365,969. The District completed a new locker room, concession stand and press box at the stadium facility. Some of the purchases of instructional equipment did not meet the District's capitalization threshold of $2,000. The items that fall below the threshold level are tagged and tracked as movable equipment. The net increase in Capital Assets includes the improvements at the stadium facility along with this fiscal year's depreciation expense.

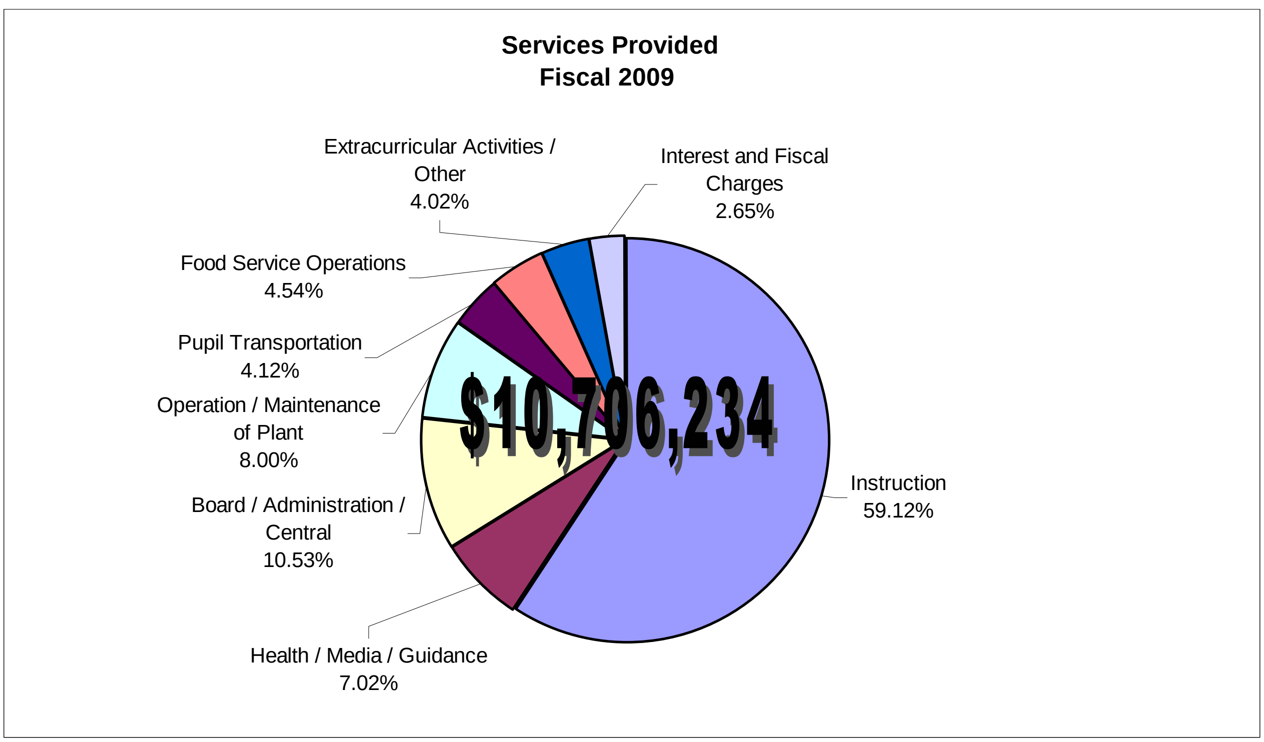
Table 2 highlights the District's revenues and expenses. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

Expenses are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

A comparative analysis of fiscal year 2009 and 2008 follows:

(Chart 1)
Governmental Revenue and Program Expenses
Fiscal Year 2009





(Table 2)
Governmental Activities

	Governmental Activities 2009	Governmental Activities 2008
Revenues		
Program Revenues:		
Charges for Services and Sales	$1,677,468	$1,621,046
Operating Grants and Contributions	2,206,218	1,873,312
Capital Grants	0	4,234
Total Program Revenues	3,883,686	3,498,592
General Revenue:		
Property Taxes	2,098,599	2,227,383
Grants and Entitlements	4,671,454	4,658,244
Interest	156,947	188,868
Total General Revenue	6,927,000	7,074,495
Total Revenues	$10,810,686	$10,573,087
Program Expenses		
Instruction:		
Regular	$4,393,106	$5,011,628
Special	1,464,044	1,096,527
Vocational	78,698	85,075
Intervention	393,285	288,389
Support Services:		
Pupils	480,564	485,508
Instructional Staff	271,247	146,521
Board of Education	32,608	33,015
Administration	797,162	735,300
Fiscal	252,446	242,822
Operation and Maintenance of Plant	856,182	1,254,837
Pupil Transportation	441,286	445,321
Central	45,328	44,472
Operation of Non-Instructional Services		
Food Service Operations	486,210	471,109
Extracurricular Activities	429,944	236,051
Debt Service:		
Interest and Fiscal Charges	284,124	229,297
Total Expenses	$10,706,234	$10,805,872
Increase in Net Assets	$104,452	($232,785)

Chart 1 graphically depicts the breakdown of both the District's revenue sources and the types of services provided. The District's reliance upon State funds is demonstrated by this chart which indicates that grants and entitlements, which includes State foundation, comprising 43.21 percent of the program revenues with property taxes making up 19.41 percent of total revenues. The largest percentage of the services provided at 59.12 percent was instruction which would be appropriate.

Analysis of overall financial position and results of operations

The financial position of the Lisbon Exempted Village School District has improved on the whole over the past fiscal year. The fiscal stability of the district is demonstrated by the increase in Net Assets over the previous fiscal year. The results of operations were excellent and stayed within the parameters established at the beginning of the fiscal year. Management was able to make the necessary improvements in services for children without significantly increasing the spending levels for Regular Instruction. It is anticipated that the funds spent on repairs should not increase due to the fact that the entire district's buildings are newly renovated spaces. The one factor that is still difficult to predict is the utility cost increases due the current economic conditions in the state and in the country. It is necessary to constantly monitor the usages in the different heating and cooling systems and to be as energy efficient as is possible in a public school facility. Though spending was increased in some areas, the administration was able to streamline the costs of services in other areas to balance over the entire entity's operations. The cash balances were preserved and even increased. The District enjoyed a successful financial year and operation efficiencies improved.

The administration is aware of the fact that the increase in State funding will drop for the District over the next five years as demonstrated with the District's five-year forecast. This drop in State funding is a combination of two factors. One factor is that the increases to the per pupil allocation is not rising at the same levels as experienced in the past and it is anticipated that the statewide budget will see additional spending level cuts. The other factor is that the District is also experiencing a decline in student enrollment which results in less funding. With proper planning by the administration reductions will occur if necessary.

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

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

Programs	Total Cost of Services 2009	Net Cost of Services 2009
Instruction	$6,329,133	$3,736,195
Support Services:		
Pupils and Instructional Staff	751,811	627,281
Board of Education, Administration, Fiscal and Business Services	1,082,216	1,033,388
Operation and Maintenance of Plant	856,182	826,266
Pupil Transportation	441,286	99,102
Central	45,328	39,078
Food Service Operations	486,210	(18,375)
Extracurricular Activities	429,944	195,489
Interest and Fiscal Charges	284,124	284,124
Total Expenses	$10,706,234	$6,822,548

THE DISTRICT'S FUNDS

As previously stated, these funds are accounted for using the modified accrual basis of accounting. All Governmental funds had total revenues of $10,758,171 and expenditures of $11,300,647. Overall the total revenues increased by a total of $193,622 with an increase in total expenditures of $941,197. The most significant reason for the increase was the construction of the facilities at the stadium.

General Fund Financial Activity

The only significant Governmental Fund being reported is the General Fund. The balance of the General Fund increased by $406,794. Both State Foundation Revenue and Tuition and Fees increased, while operational expenditures were decreased to facilitate a cash increase. Cash in the General Fund increased by approximately seventeen percent from $2,954,570 in fiscal year 2008 to $3,476,247 in the fiscal year 2009 which is an adjustment of $521,677.

General Fund Budgetary Highlights

The 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 District, the General Fund. During the course of fiscal year 2009, the District amended its general fund budget numerous times which reflected changes in expenditure priorities at the building level. For the General fund, the final budget basis revenue was $8,483,106 representing a $103,586 decrease from the original budget estimate of $8,586,692. Most of this difference was due to a more pessimistic estimate of the State foundation distribution as it relates to the pupil enrollment estimates, as well as, a drop in local property tax revenue. The General fund receipts were estimated slightly over one percent of actual revenue. The District's General fund balance at end of year was $3,421,184 reflecting additional funds budgeted but not expended or encumbered. The State of Ohio requires the District to submit a five-year-forecast on or before October 31st and a revised forecast between April 1st and May 31st regardless of the variance in the estimates versus actual activity. This is an additional process that ensures budgeting accuracies.

The District revises its budget throughout the fiscal year. During fiscal year 2009, there were some significant changes made in the different expenditure line items. Ultimately, the final actual expenditure levels did not approach the amended budget allocations. For the General Fund, the final budget basis expenditures reflected a decrease of $290,217 which corresponded partially with the decrease in the revenue estimates. Modifications to the original budget included the most significant decreases in operation and maintenance of plant due to the utility projections being revised. The adjustments to the other categories of expenditures were minor in comparison, but included special education instruction, intervention instruction, pupil support services and pupil transportation. There were increases in the original budget estimates in regular and staff support services.

The District's building principals are given a per pupil allocation for textbook, instructional materials, services and equipment. HB412 requires the District to set aside three percent of certain general fund revenues for the purchase of textbooks and materials related to instruction which site-based budgets help to meet. The District is also subject to a three percent spending requirement for capital maintenance expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATON

Capital Assets

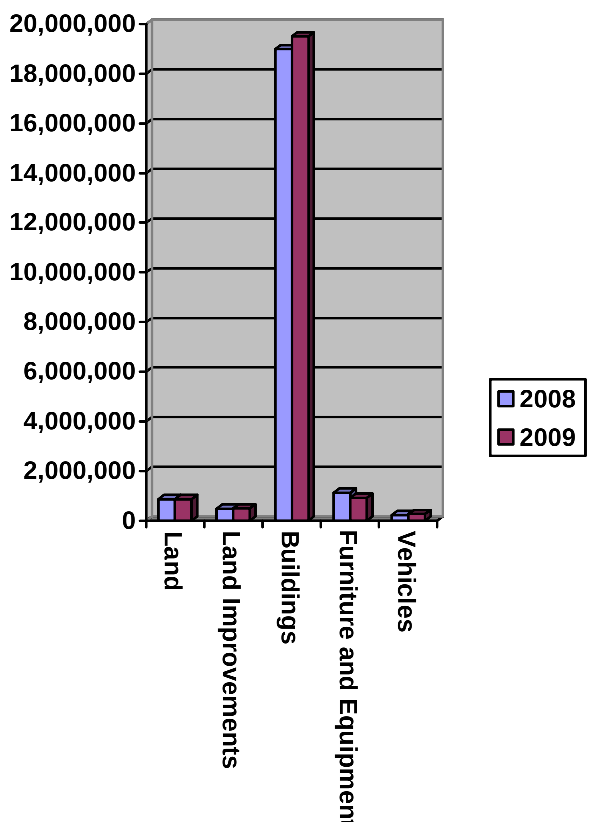
At the end of fiscal year 2009 the District has $22,082,473 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. The following table shows ending balances of capital assets invested in various categories. There was the investment in capital assets in the form of upgrades that were done at the stadium facility in the amount of $1,069,641. A new bus was purchased during the fiscal year also. Notice that we are showing a depreciation expense of $779,112 which is a net increase of $365,969 for the period. You may discern from the following table that there was some investment in capital assets during this accounting period. See Note 8 for further information on capital assets.

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

	Governmental Activities	
	2009	2008
Land	$870,749	$870,749
Land Improvements	502,080	491,494
Buildings and Improvements	19,498,047	18,979,780
Furniture and Equipment	936,441	1,133,415
Vehicles	275,156	241,066
Totals	$22,082,473	$21,716,504

The graph on the next page shows the category and depreciated value of our District's capital assets. It is apparent by reviewing this graph that the District has been investing heavily over the past couple of fiscal years in the two educational buildings and the administrative offices that make up the District. The capital asset threshold of the District is set at $2,000 which eliminates the majority of the computers and other instructional support materials. The assets that fall below the threshold limit are tagged and tracked as movable equipment. This ensures that all assets of the District are being protected from theft or loss.

(Chart 2)
Change I Net Assets



DEBT

At June 30, 2009, the Lisbon Exempted Village School District had reduced its bonded debt to $1,535,000. The District paid $135,000 in bond principal and $76,978 in bond interest. There was a reduction in the capital lease obligation of $90,000. See Notes 13 and 14 for further information on debt.

(Table 5)
Outstanding Debt, at June 30

	Governmental Activities 2009	Governmental Activities 2008
Refunded General Obligation Bonds:		
Series, 2004	$1,535,000	$1,670,000
Unamortatized Premium	162,196	163,794
Capital Lease	3,770,999	3,860,999
Total	$5,468,195	$5,694,793

As of June 30, 2009 the District's legal debt margin was $8,724,580 with an unvoted debt margin of $82,802. Capital leases do not count towards the District's legal debt margin. Neither Moody's nor Standard & Poor's currently rate the Lisbon Exempted Village School District.

School District Outlook

Lisbon Exempted Village School District is presently financially strong and trending toward maintaining its financial stability. The Board of Education and administration closely monitor its revenue and expenditures in accordance with its financial forecast and the District Continuous Improvement Plan. The financial future of the District is not without its challenges though. These challenges are internal and external in nature. The internal challenges will continue to exist as the District must attempt to contain operating costs while providing a fair wage to its employees and maintain the level of benefits guaranteed by contractual agreements. The economic conditions that exist today make it a challenge to forecast revenues too far into the future. The local external influences revolve around the local economy and the ability of the residents of the District to support the existing programming. The reliance on the local property tax base has not changed. Other external challenges continue to evolve as the State of Ohio implements a new method for funding education in Ohio. The funding model will not be totally phased in until ten years into the future. The State Department of Education is currently developing new rules to govern how the district must spend the state resources. Management is still optimistic about the future for this District; however the following facts could change this outlook for the better or worse.

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

We are dependent on outside factors for our future success. The new Pathways to Student Success (PASS) School Funding Formula provide seventy-eight percent of the revenue for Lisbon Exempted Village School District's General fund. The Ohio Legislature has adopted a model that is significantly different and it will take time to determine what overall effect that new method might have on the financial health of the district. While a significant increase in the State's financial efforts would be welcome, our forecast does not take this possibility into account. We anticipate State revenue remaining constant each year.

All insurance premiums and in particular health care premiums are estimated to increase by double digits over the next five years. Management negotiated some significant changes in the medical program being offered to our staff and was able to see some savings in the premiums. The state legislature has created a School Employees Health Care Commission that is working on best practice standards that would be mandated statewide in an attempt to begin to control the costs associated with the medical program. The insurance industry is an area that is outside our control. Management has formed an insurance committee comprised of administrators, staff and industry experts to meet regularly to analyze the medical program and to attempt to control the costs. Health care cost containment has become a large issue for the future.

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

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

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

Contacting the School District's Financial Management

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

Lisbon Exempted Village School District
Statement of Net Assets
June 30, 2009

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$4,620,151
Intergovernmental Receivable	146,154
Interest Receivable	28,746
Inventory Held for Resale	11,337
Accounts Receivable	300
Property Taxes Receivable	2,119,555
Nondepreciable Capital Assets	870,749
Depreciable Capital Assets, Net	21,211,724
Total Assets	29,008,716
Liabilities	
Accounts Payable	22,617
Accrued Wages	722,705
Intergovernmental Payable	242,076
Deferred Revenue	1,934,650
Accrued Interest Payable	37,327
Long-Term Liabilities:	
Due Within One Year	253,269
Due In More Than One Year	5,707,872
Total Liabilities	8,920,516
Net Assets	
Invested in Capital Assets, Net of Related Debt	16,776,979
Restricted for:	
Capital Projects	317,320
Debt Service	282,889
Other Purposes	401,929
Unrestricted	2,309,083
Total Net Assets	$20,088,200

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Statement of Activities

For the Fiscal Year Ended June 30, 2009

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$4,393,106	$1,073,348	$587,493	($2,732,265)
Special	1,464,044	185,299	726,532	(552,213)
Vocational	78,698	0	0	(78,698)
Intervention	393,285	20,266	0	(373,019)
Support Services:				
Pupils	480,564	0	0	(480,564)
Instructional Staff	271,247	0	124,530	(146,717)
Board of Education	32,608	0	0	(32,608)
Administration	797,162	39,286	6,542	(751,334)
Fiscal	252,446	3,000	0	(249,446)
Operation and Maintenance of Plant	856,182	2,591	27,325	(826,266)
Pupil Transportation	441,286	36,760	305,424	(99,102)
Central	45,328	1,250	5,000	(39,078)
Food Service Operations	486,210	242,996	261,589	18,375
Extracurricular Activities	429,944	72,672	161,783	(195,489)
Interest and Fiscal Charges	284,124	0	0	(284,124)
Totals	$10,706,234	$1,677,468	$2,206,218	(6,822,548)

General Revenues	
Property Taxes Levied for:	
General Purposes	1,536,028
Debt Service	226,632
Capital Projects	335,939
Grants & Entitlements not Restricted to Specific Programs	4,671,454
Investment Earnings	156,947
Total General Revenues	6,927,000
Change in Net Assets	104,452
Net Assets Beginning of Year	19,983,748
Net Assets End of Year	$20,088,200

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Balance Sheet

Governmental Funds

June 30, 2009

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$3,476,247	$207,503	$724,030	$4,407,780
Property Taxes Receivable	1,519,652	339,770	260,133	2,119,555
Interest Receivable	28,746	0	0	28,746
Accounts Receivable	300	0	0	300
Intergovernmental Receivable	700	0	145,454	146,154
Inventory Held for Resale	0	0	11,337	11,337
Total Assets	$5,025,645	$547,273	$1,140,954	$6,713,872
Liabilities				
Accounts Payable	$5,586	$4,465	$12,566	$22,617
Accrued Wages	675,813	0	46,892	722,705
Accrued Interest Payable	0	31,186	0	31,186
Intergovernmental Payable	218,236	0	23,840	242,076
Deferred Revenue	1,484,298	331,765	399,447	2,215,510
Total Liabilities	2,383,933	367,416	482,745	3,234,094
Fund Balances				
Reserved for Encumbrances	49,478	30,258	110,687	190,423
Reserved for Property Taxes	35,354	8,005	6,140	49,499
Unreserved, Undesignated, Reported in:				
General Fund	2,556,880	0	0	2,556,880
Debt Service Funds	0	0	265,345	265,345
Special Revenue Funds	0	0	262,609	262,609
Capital Projects Funds	0	141,594	13,428	155,022
Total Fund Balances	2,641,712	179,857	658,209	3,479,778
Total Liabilities and Fund Balances	$5,025,645	$547,273	$1,140,954	$6,713,872

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2009

Total Governmental Fund Balances		$3,479,778
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		22,082,473
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property and Other Taxes	135,406	
Intergovernmental	145,454	
Total		280,860
An Internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		212,371
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(1,535,000)	
General Obligation Bonds Premium	(162,196)	
Compensated Absences	(492,946)	
Capital Lease	(3,770,999)	
Accrued Interest Payable	(6,141)	
Total		(5,967,282)
Net Assets of Governmental Activities		$20,088,200

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2009

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$1,481,781	$331,159	$254,313	$2,067,253
Intergovernmental	5,494,192	66,231	1,166,206	6,726,629
Charges for Services	89,419	0	250,510	339,929
Interest	155,078	0	1,869	156,947
Tuition and Fees	1,173,417	0	0	1,173,417
Extracurricular Activities	300	0	104,444	104,744
Rentals	20,591	0	0	20,591
Contributions and Donations	636	157,400	10,625	168,661
Total Revenues	8,415,414	554,790	1,787,967	10,758,171
Expenditures				
Current:				
Instruction:				
Regular	3,570,524	0	313,260	3,883,784
Special	1,254,395	0	206,682	1,461,077
Vocational	77,977	0	0	77,977
Intervention	272,998	0	111,100	384,098
Support Services:				
Pupils	478,712	0	2,769	481,481
Instructional Staff	135,379	0	130,353	265,732
Board of Education	32,608	0	0	32,608
Administration	683,211	0	84,181	767,392
Fiscal	246,744	0	3,706	250,450
Operation and Maintenance of Plant	711,995	0	54,806	766,801
Pupil Transportation	356,001	0	38,196	394,197
Central	45,345	0	0	45,345
Food Service Operations	0	0	463,996	463,996
Extracurricular Activities	142,731	0	67,002	209,733
Capital Outlay	0	1,301,151	3,822	1,304,973
Debt Service:				
Principal Retirement	0	90,000	135,000	225,000
Interest and Fiscal Charges	0	205,574	80,429	286,003
Total Expenditures	8,008,620	1,596,725	1,695,302	11,300,647
Net Change in Fund Balances	406,794	(1,041,935)	92,665	(542,476)
Fund Balances Beginning of Year	2,234,918	1,221,792	565,544	4,022,254
Fund Balances End of Year	$2,641,712	$179,857	$658,209	$3,479,778

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds		($542,476)
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay	1,145,081	
Depreciation	(779,112)	
Total		365,969
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property and Other Local Taxes	31,346	
Grants	21,169	
Total		52,515
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.		
Compensated Absences		16,394
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
General Obligation Bonds	135,000	
Capital Lease	90,000	
Total		225,000
In the statement of activities interest is accrued on outstanding bonds, and notes, whereas in governmental funds an interest expenditure is reported when due.		
Accrued Interest	281	
Bond Premium	1,598	
Total		1,879
The internal service fund used by managemenat to charge the costs of statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue(expenses) of the internal service fund is allocated among the governmental activites.		(14,829)
Change in Net Assets of Governmental Activities		$104,452

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	$1,587,900	$1,500,620	$1,500,620	$0
Intergovernmental	5,669,757	5,542,932	5,542,932	0
Charges for Services	70,000	88,270	89,419	1,149
Interest	145,000	155,845	160,153	4,308
Tuition and Fees	1,096,035	1,174,213	1,174,336	123
Rentals	18,000	20,591	20,591	0
Contributions and Donations	0	635	636	1
Total Revenues	8,586,692	8,483,106	8,488,687	5,581
Expenditures				
Current:				
Instruction:				
Regular	4,042,884	4,047,182	3,989,416	57,766
Special	990,678	965,077	837,894	127,183
Vocational	80,973	80,596	80,491	105
Adult/Continuing	2,216	2,216	0	2,216
Intervention	276,533	262,553	258,736	3,817
Support Services:				
Pupils	494,193	483,237	480,407	2,830
Instructional Staff	129,135	142,741	138,443	4,298
Board of Education	39,561	32,371	32,129	242
Administration	719,812	714,645	679,599	35,046
Fiscal	260,949	253,244	242,571	10,673
Operation and Maintenance of Plant	1,108,529	920,226	734,335	185,891
Pupil Transportation	467,437	436,469	366,969	69,500
Central	43,359	43,328	43,052	276
Extracurricular Activities	156,011	138,168	137,748	420
Total Expenditures	8,812,270	8,522,053	8,021,790	500,263
Net Change in Fund Balance	(225,578)	(38,947)	466,897	505,844
Fund Balance Beginning of Year	2,868,067	2,868,067	2,868,067	0
Prior Year Encumbrances Appropriated	86,220	86,220	86,220	0
Fund Balance End of Year	$2,728,709	$2,915,340	$3,421,184	$505,844

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Statement of Fund Net Assets

Internal Service Fund

June 30, 2009

	Insurance
Assets	
Equity in Pooled Cash and Cash Equivalents	$212,371
Liabilities	
Claims Payable	0
Net Assets	
Unrestricted	$212,371

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District

Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2009

	Insurance
Operating Expenses	
Claims	$ 14,829
Total Operating Expenses	14,829
Change in Net Assets	(14,829)
Net Assets Beginning of Year	227,200
Net Assets End of Year	$ 212,371

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2009

	Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Payments for Claims	($14,829)
Net Cash Used for Operating Activities	(14,829)
Net Decrease in Cash and Cash Equivalents	(14,829)
Cash and Cash Equivalents Beginning of Year	227,200
Cash and Cash Equivalents End of Year	$212,371
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	($14,829)
Net Cash Used for Operating Activities	($14,829)

See accompanying notes to the basic financial statements

Lisbon Exempted Village School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2009

	Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	$29,690
Liabilities	
Due to Students	$29,690

See accompanying notes to the basic financial statements

Note 1 - Description of the District and Reporting Entity

Lisbon Exempted Village School District (the 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 District operates under a locally-elected five member Board form of government and provides educational services as authorized and further mandated by state and federal agencies.

The District is located in Lisbon, Ohio, Columbiana County. The Board of Education controls the District's four instructional/support facilities staffed by 46 classified employees, 75 certificated full-time teaching personnel and 4 administrators who provide services to 1,086 students and other community members.

Reporting Entity

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

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

The District participates in four organizations which are defined as jointly governed organizations and one insurance purchasing pool. These organizations include the Columbiana County Career and Technical Center, the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), the Portage Area School Consortium, the Ohio Schools' Council, and Ohio School Business Officials' Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of Lisbon Exempted Village 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 District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Basis of Presentation

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

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

The statement of net assets presents the financial condition of the governmental activities of the 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 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 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 District.

Fund Financial Statements During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

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

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

> ***General Fund*** - the general fund is the operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> **Permanent Improvement Fund** – The permanent improvement fund receives taxes for the payment of the construction of new a new administration building, lease-purchase of a bus garage facility and the rental for district copier equipment.

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

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

> **Internal Service Fund** – This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost-reimbursement basis. The only internal service fund carried on the financial records of the District is related to self insurance. This fund accounts for the revenues and expenses related to the provision of medical, surgical, prescription drug and dental benefits to the District employees.

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Data

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

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

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

F. Cash and Investments

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

The District has invested funds during fiscal year 2009 in Federal Home Loan Bank Notes, Federal Farm Credit Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, Repurchase Agreements, and in the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at face value which is based on quoted market prices. Repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule2a7 of the Investment

Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2009.

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 2009 amounted to $155,078, which includes $31,300 assigned from other District funds.

The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balances in these accounts represent deposits or short-term investments in certificates of deposits.

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

G. Restricted Assets

Assets are reported as restricted when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

H. Inventory

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

I. Capital Assets

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

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

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

Description	Governmental Activities Estimated Lives
Land Improvements	20 years
Buildings and Improvements	50 years
Furniture, Fixtures and Equipm	5 - 20 years
Vehicles	10 years

J. Interfund Balances

On fund financial statements, receivables and parables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets.

K. Compensated Absences

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

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

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Assets

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

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

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principals but not available for appropriation under State Statute.

O. Operating Revenues and Expenses

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

P. Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and expenditures/expenses in the purchaser funds. Flow 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 expenditure/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

R. Estimates

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

Note 3 – Change in Accounting Principles and Restatement of Net Assets

A. Change in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards."

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanup. The implementation of this Statement did not result in any change to the School District's financial statements.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this Statement did not result in any change in the School District's financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this Statement did not result in any change in the School District's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this Statement did not result in any change in the School District's financial statements.

Note 4 - Budgetary Basis of Accounting

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

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

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

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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

GAAP Basis	$406,794
Net Adjustment for Revenue Accruals	73,273
Net Adjustment for Expenditure Accruals	73,050
Adjustment for Encumbrances	(86,220)
Budget Basis	$466,897

Note 5 - Deposits and Investments

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National

Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of bank failure, the District's deposits may not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, the carrying amount of the District's deposits was $1,363,285 and the bank balance was $1,431,032. All of the bank deposits were covered by federal depository insurance.

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

Investments

Investments are reported at fair value. As of June 30, 2009, the District had the following investments:

	Fair Value	Maturity
Federal Home Loan Bank Note #1	$402,876	August 28,2012
Federal Home Loan Bank Note #2	199,562	January 16 2014
Federal Home Loan Bank Note #3	298,968	February 13, 2014
Federal Farm Credit Bank Note #1	315,699	December 24, 2013
Federal Farm Credit Bank Note #2	249,688	January 30, 2014
Federal Home Loan Mortgage Corp Note #1	448,141	April 7, 2014
Federal Home Loan Mortgage Corp Note #2	98,086	April 28, 2014
Federal Home Loan Mortgage Corp Note #3	796,544	April 30, 2014
Federal National Mortgage Assn Note #1	398,252	May 14, 2014
Huntington Bank Repurchase Agreement	46,705	1 day
STAROhio	5,071	33 days
Totals	$3,259,592	

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

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

Custodial Credit Risk. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Notes, the Federal Farm Credit Bank Notes Federal Home Loan Mortgage Corporation Notes, and the Federal National Mortgage Association Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk. The District places no limit on the amount it may invest in any one issuer. The following is the District's allocation as of June 30, 2009:

Investment Issuer	Percentage of Investments
Federal Home Loan Bank Notes	27.65%
Federal Farm Credit Bank Notes	17.35%
Federal Home Loan Mortgage Corp Notes	41.19%
Federal National Mortgage Association Notes	12.22%
Huntington Bank Repurchase Agreement	1.43%
STAROhio	.16%

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property tax revenue received during calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternative payment dates to be established.

Public utility property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2009(other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due

April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes received include real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance of real property taxes at June 30, 2009, was $33,100 in the general fund, $5,127 in the bond retirement fund, $7,608 in the permanent improvement fund, and $702 in the OSFC maintenance levy fund. The amount available for advance of personal property taxes at June 30, 2009, was $2,253 in the general fund, $268 in the bond retirement fund, $397 in the permanent improvement fund and $43 in the OSFC maintenance levy fund.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$75,611,260	91.65%	$75,836,270	91.59%
Public Utility	5,857,150	7.10%	5,852,550	7.07%
Tangible Personal Property	1,033,705	1.25%	1,113,290	1.34%
Total Assessed Value	$82,502,115	100.00%	$82,802,110	100.00%
Tax rate per $1,000 of assessed valuation	$34.30		$34.30	

Note 7 - Receivables

Receivables at June 30, 2009, consisted of taxes, accounts (rent), interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectable, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund:	
Professional Development Fees	$ 700
Special Revenue Funds:	
Ohio School Facility Project	78,000
ECE Preschool	17,890
Title I	45,718
Title II-A	3,846
Total Special Revenue Funds	145,454
Total All Funds	$146,154

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

Governmental Activities	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Nondepreciable Capital Assets				
Land	$870,749	$0	$0	$870,749
Depreciable Capital Assets				
Land Improvements	746,065	40,918	0	786,983
Buildings and Improvements	23,553,884	1,028,723	0	24,582,607
Furniture, Fixtures and Equipment	2,112,154	0	0	2,112,154
Vehicles	613,202	75,440	0	688,642
Textbooks	0	0	0	0
Total at Historical Cost	27,025,305	1,145,081	0	28,170,386
Less Accumulated Depreciation:				
Land Improvements	(254,571)	(30,332)	0	(284,903)
Buildings and Improvements	(4,574,104)	(510,456)	0	(5,084,560)
Furniture, Fixtures and Equipment	(978,739)	(196,974)	0	(1,175,713)
Vehicles	(372,136)	(41,350)	0	(413,486)
Textbooks	0	0	0	0
Total Accumulated Depreciation	(6,179,550)	(779,112) *	0	(6,958,662)
Depreciable Capital Assets, Net of Accumulated Depreciation	20,845,755	365,969	0	21,211,724
Governmental Activities Capital Assets, Net	$21,716,504	$365,969	$0	$22,082,473

- Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$526,954
Vocational	564
Support Services:	
Instructional Staff	4,499
Administration	26,400
Fiscal	117
Operations and Maintenance of Plant	90,709
Pupil Transportation	47,797
Extracurricular Activities	21,753
Food Service Operations	60,319
Total Depreciation Expenses	$779,112

Note 9 - Risk Management

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the District contracted with Holloway Insurance Company which provided for property, fleet and liability insurance coverage through Indiana Insurance Company. The levels of coverage are listed below:

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

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

B. Workers' Compensation

For fiscal year 2009 the District participated in the Ohio School Business Officials' Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost controls, and actuarial services to the GRP.

C. Other Employee Benefits

The District began participation in the Portage County School Consortium which is a co-operative entity to facilitate risk management and to share the cost of providing various insurance coverage and employee benefits beginning July 1, 2005. There has not been a reduction in coverage from the prior year.

The District pays 90 percent of the insurance premium costs for all of the participating staff. For the period covering July 1, 2008 through June 30, 2009, the District paid premiums in the amount of $843.01 for family coverage per month and $350.35 per single coverage per month. The premiums are paid by the fund that pays the salary for the employee and are based on historical cost information.

Note 10 – Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.84 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board, up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were $96,515, $89,706 and $89,859 respectively; 56.38 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

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

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established the by State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were $547,174, $527,996, and $511,835, respectively; 79.84 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were $373 made by the School District and $4,268 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2009, three of the five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 11 - Postemployment Benefits

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State Statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contributions of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was $35,800.

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

The District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were $60,913, $60,522 and $46,786 respectively; 56.38 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B fund. For 2009, the actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008 and 2007 were $6,474, $6,464, and $5,677 respectively; 56.38 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008 and 2007 were $42,090, $40,615 and $39,372 respectively; 79.84 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 12 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and the treasurer earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and the treasurer upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for both certified and classified employees. Upon retirement, payment is made according to negotiated agreements.

B. Life Insurance

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

Note 13 - Long-term Obligations

The changes in the District's long-term obligations during fiscal year 2009 were as follows:

	Principal Outstanding 6/30/08	Additions	Deductions	Principal Outstanding 6/30/09	Amounts due in One Year
Governmental Activities					
Refunded General Obligation Bonds	$1,670,000	$0	$135,000	$1,535,000	$140,000
Unamortized Premium	163,794	0	1,598	162,196	14,269
Compensated Absences	509,340	0	16,394	492,946	0
Capital Leases	3,860,999	0	90,000	3,770,999	99,000
Total Governmental Activities Long-Term Liabilities	$6,204,133	$0	$242,992	$5,961,141	$253,269

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

Capital lease obligations will be paid from the permanent improvement fund. The general obligation bonds will be paid from the debt service fund. Proceeds from the bond issue were used to add classrooms at both buildings and an auditorium at the high school. Compensated absences will be paid from the General, Miscellaneous State Grants, Food Service, Title I and Title II-A funds.

The District's overall legal debt margin was $8,724,580 with an unvoted debt margin of $82,802 at June 30, 2009.

Principal requirements to retire general obligation bonds outstanding at June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	140,000	70,543	210,543
2011	145,000	63,767	208,767
2012	155,000	56,267	211,267
2013	160,000	48,392	208,392
2014	170,000	40,142	210,142
2015-2018	765,000	70,374	835,374
Total	$1,535,000	$349,486	$1,884,486

Note 14 - Capital Leases - Lessee Disclosure

The District entered into a capital lease representing the local share obligation for Ohio School Facilities Commission Project participation, construction of a new administrative building and the purchase of property. At the time that the District entered into the lease, the buildings had not been constructed nor had the land been purchased. The entire amount will be paid to trade contractors for the construction of additions and renovations to the two District school buildings and has paid for the completion of the administration building and to individual owners of property adjacent to District sites. The lease meets the criteria of a capitalized lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

This capital assets acquired by lease have been originally capitalized in the amount of $933,000 with the balance of the $2,058,000 for the local share obligation of the Ohio School Facilities Commission Project used for the payment of contractors added three years later upon completion of the project. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation on this lease was $193,673 leaving a current book value of $2,797,327 as of June 30, 2009. Principal payments in fiscal year 2009 totaled $90,000 in the governmental funds. In the period ending June 30, 2008 the District entered into another lease for the purchase of two school buses and the construction of a locker room and concession stand facility at the stadium in the amount of $1,177,000. Principal payments for the second lease totaled $24,000 for the period. Accumulated depreciation for this lease is $29,425 leaving a current book value of $1,147,575 as of this reporting period. The total amount owed on the two leases is $3,770,999.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2009:

		Amount
Fiscal Year Ending June 30,	2010	$285,715
	2011	285,197
	2012	284,349
	2013	285,270
	2014	284,800
	2015 - 2019	1,419,928
	2020 - 2024	1,365,714
	2025 - 2029	1,171,312
	2030 - 2034	825,719
	2035 - 2037	184,903
Total minimum lease payments		6,392,907
Less: Amount Representing Interest		2,621,908
Present Value of Minimum Lease Payments		$3,770,999

Note 15 - Set-Aside Calculations and Fund Reserves

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future years. At June 30, 2009, no amount continues to be set aside.

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-Aside Reserve Balance as of June 30, 2008	($144,197)	$0	$0
Current Year Set-Aside Requirement	150,028	150,028	0
Qualifying Disbursements	(170,650)	(287,597)	0
Totals	($164,819)	($137,569)	$0
Set-Aside Balance Carried Forward to Future Fiscal Years	($164,819)	$0	$0

The District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. Although the District had qualifying disbursements during the fiscal year that reduced the capital improvement set-aside amount to zero, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future fiscal years. There was no requirement to reserve balances for the three set-asides at the end of fiscal year.

Note 16 - Jointly Governed Organizations

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

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

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

OME-RESA is owned and operated by forty-five member districts in eleven different counties. The superintendents from each member school district comprise the General Assembly. The General Assembly elects the Board of Directors consisting of a representative from each county within the approved geographic area. The superintendent of the fiscal agent district serves as chairman and the board elects a vice-chair annually. The Jefferson County Educational Service Center, Steubenville, Ohio acts as the fiscal agent for OME-RESA and assumes the budgetary responsibility. The District contributed $36,390 for various fees associated with the agency's services during the 2009 fiscal year. To obtain financial information write to Jefferson County Educational Service Center, Office of the Treasurer, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

Portage Area School Consortium The Portage Area School Consortium was established in 1981 so that 12 educational-service providers in Portage County could manage risk exposures and purchase necessary insurance coverage as a group. The Health and Welfare Trust is organized under the provisions of Section 501(c)(9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as health insurance, disability insurance and life insurance. A third party administrator is retained by the consortium to facilitate the operation of the Health and Welfare Trust. The District pays all insurance premiums directly to the consortium. Also, the insurance agreement with Portage County School Consortium provides that the consortium will reinsure through commercial companies for claims over $150,000 per employee.

Although the District does not participate in the day-to-day management of the consortium, one of its administrators serves as a trustee of the consortium's governing board as provided in the consortium's enabling authority. Although the District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the consortium become depleted, it is the opinion of management that the assets of the consortium are sufficient to meet its claims. The Portage County Educational Service Center acts as the fiscal agent for the consortium.

Ohio Schools' Council The Ohio Schools' Council Association (Council) is jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control is exercised by any school district is limited to its representation on the Board. In fiscal year 2009, no fees were paid to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131

The District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corporation, a non-profit corporation with a self-appointing board, issued $119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates their agreement, they are required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corporation.

Note 17 - Insurance Purchasing Pools

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

Note 18 – Contingencies

A. Grants

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

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

B. Litigation

The District was not a party to any legal proceedings during the 2009 fiscal year.

LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/ *Pass Through Grantor* **Program Title**	**Pass Through Entity Number**	**Federal CFDA Number**	**Receipts**	**Disbursements**
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	N/A	10.555	$25,120	$25,120
Cash Assistance:				
School Breakfast Program	2008 05-PU	10.553	12,004	12,004
	2009 05-PU		19,820	19,820
National School Lunch Program	2008 LL-P4	10.555	74,077	74,077
	2009 LL-P4		132,183	132,183
Cash Assistance Subtotal			238,084	238,084
Total for Program (Cluster)			263,204	263,204
Total U.S. Department of Agriculture			**263,204**	**263,204**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Title I Grants to Local Educational Agencies	C1-S1 2008	84.010	25,572	25,851
	C1-S1 2009		200,000	192,319
Total Title I Grants to Local Educational Agencies			225,572	218,170
School Improvement Grants		84.377	108,392	109,069
IDEA - Part B Grant	6B-SF-2009	84.027	206,682	206,682
Title V - Innovation Program Grant	C2-S1 2009	84.298	842	842
Drug Free School Grant	DR-S1 2008	84.186	336	350
	DR-S1 2009		5,136	5,136
Total Drug Free School Grant			5,472	5,486
Title II-A Grant	TR-S1-2008	84.367	7,738	9,199
	TR-S1-2009		57,009	51,932
Total Title II-A Grant			64,747	61,131
Title II-D Grant	TJ-S1 2009	84.318	2,085	2,085
Total Department of Education			**613,792**	**603,465**
Total Federal Receipts and Expenditures			**$876,996**	**$866,669**

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

LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2009

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B -- FOOD DISTRIBUTION

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

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lisbon Exempted Village School District, Columbiana County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

Compliance and Other Matters

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 31, 2009

Mary Taylor, CPA
Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Lisbon Exempted Village School District, Columbiana County, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949
www.auditor.state.oh.us

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 18, 2009

LISBON EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Lisbon Exempted Village School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on November 7, 2007.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

   (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

   (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;

   (3) A procedure for reporting prohibited incidents;

   (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

   (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

   (6) A procedure for documenting any prohibited incident that is reported;

   (7) A procedure for responding to and investigating any reported incident;

(8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

(9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

(10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 18, 2009

LISBON EXEMPTED VILLAGE SCHOOL DISTRICT

COLUMBIANA COUNTY

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 9, 2010