



**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Columbia Local School District
Lorain County
25796 Royalton Road
Columbia Station, Ohio 44028

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

December 15, 2000

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COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2000

| | Governmental Fund Types | | | Proprietary |
|---|-------------------------|--------------------|---------------------|------------------|
| | General | Special Revenue | Capital Projects | Enterprise |
| <u>Assets and other debits</u> | | | | |
| Equity in pooled cash and equivalents | \$ 199,238 | \$ 209,638 | \$ 268,825 | \$ 2,628 |
| Restricted cash | 39,064 | - | - | - |
| Receivables, net of allowance | 3,524,129 | - | 226,089 | - |
| | 61,113 | - | 4,309 | - |
| Due from other governments | - | - | - | 7,586 |
| Interfund receivables | 37,952 | - | - | - |
| Inventories and supplies | - | - | - | 1,390 |
| Fixed assets | - | - | - | 220,875 |
| | - | - | - | (210,049) |
| Amount to be provided for debt service | - | - | - | - |
| Amount to be provided for | - | - | - | - |
| | - | - | - | - |
| Amount to be provided for benefits | - | - | - | - |
| Amount to be provided for | - | - | - | - |
| | - | - | - | - |
| Total assets and other debits | <u>\$ 3,861,496</u> | <u>\$ 209,638</u> | <u>\$ 499,223</u> | <u>\$ 22,430</u> |
| <u>Liabilities, fund equity and other credits</u> | | | | |
| <u>Liabilities</u> | | | | |
| Accounts and contracts payable | \$ 16,462 | \$ 1,435 | \$ 24,146 | \$ - |
| Accrued wages and benefits | 683,522 | 17,954 | - | 20,021 |
| Due to others | - | - | - | - |
| Due to other governments | 129,594 | 3,150 | - | 15,620 |
| Due to students | - | - | - | - |
| Interfund payables | - | 9,200 | - | 19,500 |
| Deferred revenue | 2,837,802 | 74,584 | 176,808 | 1,011 |
| Bonds payable | - | - | - | - |
| Capitalized lease obligations | - | - | - | - |
| Compensated absences payable | 20,208 | - | - | 17,408 |
| Total liabilities | <u>3,687,588</u> | <u>106,323</u> | <u>200,954</u> | <u>73,560</u> |
| <u>Fund equity and other credits</u> | | | | |
| Investment in general fixed assets | - | - | - | - |
| Retained earnings | - | - | - | (51,130) |
| | - | - | - | - |
| Fund balances | 747,440 | - | 53,590 | - |
| | 39,064 | - | - | - |
| | 3,882 | 70,098 | 88,176 | - |
| | (616,478) | 33,217 | 156,503 | - |
| Total fund equity and other credits | <u>173,908</u> | <u>103,315</u> | <u>298,269</u> | <u>(51,130)</u> |
| Total liabilities, fund equity and other credits | <u>\$ 3,861,496</u> | <u>\$ 209,638</u> | <u>\$ 499,223</u> | <u>\$ 22,430</u> |

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

| Fund Types | Fiduciary | | Account Groups | | Totals (Memorandum Only) |
|-----------------|---------------------|---------------------|-------------------------|---------------------------|--------------------------------|
| | Internal Service | Fund Type Agency | General Fixed Assets | General Long-term Debt | |
| \$ 2,680 | \$ 34,623 | \$ - | \$ - | \$ 717,632 | |
| - | - | - | - | 39,064 | |
| - | - | - | - | 3,750,218 | |
| - | - | - | - | 65,422 | |
| - | - | - | - | 7,586 | |
| - | - | - | - | 37,952 | |
| - | - | - | - | 1,390 | |
| - | - | 5,489,056 | - | 5,709,931 | |
| - | - | - | - | (210,049) | |
| - | - | - | 192,673 | 192,673 | |
| - | - | - | 755,031 | 755,031 | |
| - | - | - | 58,224 | 58,224 | |
| - | - | - | 9,234 | 9,234 | |
| <u>\$ 2,680</u> | <u>\$ 34,623</u> | <u>\$ 5,489,056</u> | <u>\$ 1,015,162</u> | <u>\$ 11,134,308</u> | |

| | | | | |
|------------|---------------|----------|------------------|------------------|
| \$ 141 | \$ 297 | \$ - | \$ - | \$ 42,481 |
| - | - | - | - | 721,497 |
| - | 1,810 | - | - | 1,810 |
| - | - | - | 58,224 | 206,588 |
| - | 23,264 | - | - | 23,264 |
| - | 9,252 | - | - | 37,952 |
| - | - | - | - | 3,090,205 |
| - | - | - | 192,673 | 192,673 |
| - | - | - | 9,234 | 9,234 |
| - | - | - | 755,031 | 792,647 |
| <u>141</u> | <u>34,623</u> | <u>-</u> | <u>1,015,162</u> | <u>5,118,351</u> |

| | | | | |
|-----------------|------------------|---------------------|---------------------|----------------------|
| - | - | 5,489,056 | - | 5,489,056 |
| 2,539 | - | - | - | (48,591) |
| - | - | - | - | 801,030 |
| - | - | - | - | 39,064 |
| - | - | - | - | 162,156 |
| - | - | - | - | (426,758) |
| <u>2,539</u> | <u>-</u> | <u>5,489,056</u> | <u>-</u> | <u>6,015,957</u> |
| <u>\$ 2,680</u> | <u>\$ 34,623</u> | <u>\$ 5,489,056</u> | <u>\$ 1,015,162</u> | <u>\$ 11,134,308</u> |

COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

| | General | Special Revenue | Debt Service | Capital Projects |
|---|-------------------|--------------------|-----------------|---------------------|
| Revenues | | | | |
| Taxes | \$ 3,165,058 | \$ - | \$ 45,119 | \$ 333,245 |
| Tuition and fees | 37,860 | 4,583 | - | - |
| Interest | 42,633 | - | - | 8,721 |
| Intergovernmental | 3,142,605 | 197,385 | - | 26,085 |
| Extracurricular | - | 128,178 | - | - |
| Other | 13,171 | 83,832 | - | - |
| Total revenues | 6,401,327 | 413,978 | 45,119 | 368,051 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | | | | |
| Regular | 3,155,168 | 51,073 | - | - |
| Special | 367,223 | 80,705 | - | - |
| Vocational | 148,467 | - | - | - |
| Other instruction | 31,622 | - | - | - |
| Supporting services | | | | |
| Pupil | 338,669 | 111,903 | - | - |
| Instructional staff | 208,717 | 15,928 | - | - |
| Board of education | 18,177 | - | - | - |
| Administration | 660,844 | 23,370 | - | 575 |
| Fiscal services | 211,598 | - | - | 3,487 |
| Business | 1,000 | - | - | - |
| Operation and maintenance | 615,542 | - | - | - |
| Pupil transportation | 465,795 | - | - | - |
| Central services | 56,344 | 27,750 | - | - |
| Operation of non-instructional | | | | |
| Community services | - | 943 | - | - |
| Extracurricular activities | | | | |
| Academic and subject oriented | 26,809 | 4,515 | - | - |
| Sports oriented | 176,564 | 88,142 | - | - |
| Co-curricular activities | 19,040 | - | - | - |
| Capital outlay | - | 2,877 | - | 223,932 |
| Debt service | | | | |
| Principal | 3,085 | - | 32,722 | - |
| Interest | 491 | - | 12,397 | - |
| Total expenditures | 6,505,155 | 407,206 | 45,119 | 227,994 |
| Excess (deficiency) of revenues over expenditures | (103,828) | 6,772 | - | 140,057 |
| Other financing sources (uses) | | | | |
| Operating transfers-in | - | - | - | 24,161 |
| Gain on sale of assets | 6,456 | - | - | - |
| Operating transfers-out | (24,161) | - | - | - |
| Total other financing sources (uses) | (17,705) | - | - | 24,161 |
| Excess (deficiency) of revenues over expenditures and other sources (uses) | (121,533) | 6,772 | - | 164,218 |
| Fund balances, beginning of year | 295,441 | 96,543 | - | 134,051 |
| Fund balances, end of year | \$ 173,908 | \$ 103,315 | \$ - | \$ 298,269 |

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

Totals
(Memorandum
Only)

\$ 3,543,422
42,443
51,354
3,366,075
128,178
97,003

7,228,475

3,206,241
447,928
148,467
31,622

450,572
224,645
18,177
684,789
215,085
1,000
615,542
465,795
84,094

943

31,324
264,706
19,040
226,809

35,807
12,888

7,185,474

43,001

24,161
6,456

(24,161)

6,456

49,457
526,035

\$ 575,492

COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY
COMBINEED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUE 30,2000

| | General | | Variance Favorable (Unfavorable) |
|---|------------------|-------------------|--|
| | Budget | Actual | |
| Revenues | | | |
| Taxes | \$ 3,088,351 | \$ 3,067,293 | \$ (21,058) |
| Tuition and fees | 49,000 | 37,860 | (11,140) |
| Interest | 52,000 | 42,633 | (9,367) |
| Intergovernmental | 3,080,636 | 3,142,605 | 61,969 |
| Extracurricular | - | - | - |
| Other | 14,500 | 13,171 | (1,329) |
| Total revenues | <u>6,284,487</u> | <u>6,303,562</u> | <u>19,075</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | | | |
| Regular | 3,207,364 | 3,153,409 | 53,955 |
| Special | 379,549 | 367,383 | 12,166 |
| Vocational | 166,509 | 157,155 | 9,354 |
| Other instruction | 41,500 | 31,622 | 9,878 |
| Supporting services | | | |
| Pupil | 351,139 | 335,863 | 15,276 |
| Instructional staff | 212,764 | 208,978 | 3,786 |
| Board of education | 22,072 | 16,075 | 5,997 |
| Administration | 690,325 | 659,531 | 30,794 |
| Fiscal services | 221,797 | 212,487 | 9,310 |
| Business | 1,100 | 1,000 | 100 |
| Operation and maintenance | 638,464 | 622,648 | 15,816 |
| Pupil transportation | 485,550 | 468,907 | 16,643 |
| Central services | 50,100 | 49,267 | 833 |
| Operation of non-instructional | | | |
| Community services | - | - | - |
| Extracurricular activities | | | |
| Academic and subject oriented | 42,151 | 26,745 | 15,406 |
| Sports oriented | 180,784 | 175,818 | 4,966 |
| Co-curricular activities | 17,235 | 13,012 | 4,223 |
| Capital outlay | - | - | - |
| Debt service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Total expenditures | <u>6,708,403</u> | <u>6,499,900</u> | <u>208,503</u> |
| Excess (deficiency) of revenues over expenditures | <u>(423,916)</u> | <u>(196,338)</u> | <u>227,578</u> |
| Other financing sources (uses) | | | |
| Operating transfers-in | - | - | - |
| Gain (loss) on sale of assets | - | 6,456 | 6,456 |
| Advances-in | 12,500 | 9,500 | (3,000) |
| Refund of prior year expenditures | 3,500 | 3,080 | (420) |
| Advances-out | (24,100) | (24,100) | - |
| Refund of prior year receipts | - | - | - |
| Operating transfers-out | (26,000) | (24,161) | 1,839 |
| Total other financing sources (uses) | <u>(34,100)</u> | <u>(29,225)</u> | <u>4,875</u> |
| Excess (deficiency) revenues over expenditures and other sources (uses) | (458,016) | (225,563) | 232,453 |
| Prior year encumbrances | 19,350 | 19,350 | - |
| Fund balances, beginning of year, restated | 477,730 | 477,730 | - |
| Fund balances, end of year | <u>\$ 39,064</u> | <u>\$ 271,517</u> | <u>\$ 232,453</u> |

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

COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY
COMBINEED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUE 30,2000

| | Capital Projects | | |
|---|------------------|-------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Taxes | \$ 269,673 | \$ 272,201 | \$ 2,528 |
| Tuition and fees | - | - | - |
| Interest | 8,105 | 8,721 | 616 |
| Intergovernmental | 52,000 | 26,085 | (25,915) |
| Extracurricular | - | - | - |
| Other | - | - | - |
| Total revenues | <u>329,778</u> | <u>307,007</u> | <u>(22,771)</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | | | |
| Regular | - | - | - |
| Special | - | - | - |
| Vocational | - | - | - |
| Other instruction | - | - | - |
| Supporting services | | | |
| Pupil | - | - | - |
| Instructional staff | - | - | - |
| Board of education | - | - | - |
| Administration | 1,000 | 575 | 425 |
| Fiscal services | 3,530 | 3,487 | 43 |
| Business | - | - | - |
| Operation and maintenance | - | - | - |
| Pupil transportation | - | - | - |
| Central services | - | - | - |
| Operation of non-instructional | | | |
| Community services | - | - | - |
| Extracurricular activities | | | |
| Academic and subject oriented | - | - | - |
| Sports oriented | - | - | - |
| Co-curricular activities | - | - | - |
| Capital outlay | 416,753 | 199,786 | 216,967 |
| Debt service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Total expenditures | <u>421,283</u> | <u>203,848</u> | <u>217,435</u> |
| Excess (deficiency) of revenues over expenditures | <u>(91,505)</u> | <u>103,159</u> | <u>194,664</u> |
| Other financing sources (uses) | | | |
| Operating transfers-in | - | 24,161 | 24,161 |
| Gain (loss) on sale of assets | - | - | - |
| Advances-in | - | - | - |
| Refund of prior year expenditures | - | - | - |
| Advances-out | - | - | - |
| Refund of prior year receipts | - | - | - |
| Operating transfers-out | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>24,161</u> | <u>24,161</u> |
| Excess (deficiency) revenues over expenditures and other sources (uses) | <u>(91,505)</u> | <u>127,320</u> | <u>218,825</u> |
| Prior year encumbrances | 84,620 | 84,620 | - |
| Fund balances, beginning of year, restated | 6,885 | 6,885 | - |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ 218,825</u> | <u>\$ 218,825</u> |

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

Totals
(Memorandum Only)

| Budget | Actual | Variance Favorable (Unfavorable) |
|------------------|-------------------|--|
| \$ 3,403,143 | \$ 3,384,613 | \$ (18,530) |
| 53,825 | 42,443 | (11,382) |
| 60,105 | 51,354 | (8,751) |
| 3,410,288 | 3,440,659 | 30,371 |
| 118,475 | 128,178 | 9,703 |
| 103,575 | 97,003 | (6,572) |
| <u>7,149,411</u> | <u>7,144,250</u> | <u>(5,161)</u> |
| 3,264,565 | 3,209,699 | 54,866 |
| 482,449 | 447,911 | 34,538 |
| 166,509 | 157,155 | 9,354 |
| 41,500 | 31,622 | 9,878 |
| 504,782 | 468,393 | 36,389 |
| 248,949 | 233,135 | 15,814 |
| 22,072 | 16,075 | 5,997 |
| 717,193 | 683,423 | 33,770 |
| 225,327 | 215,974 | 9,353 |
| 1,100 | 1,000 | 100 |
| 638,464 | 622,648 | 15,816 |
| 496,550 | 468,907 | 27,643 |
| 87,215 | 78,481 | 8,734 |
| 943 | 943 | - |
| 50,108 | 31,260 | 18,848 |
| 296,818 | 273,098 | 23,720 |
| 17,235 | 13,012 | 4,223 |
| 465,128 | 231,903 | 233,225 |
| 32,723 | 32,723 | - |
| 12,396 | 12,396 | - |
| <u>7,772,026</u> | <u>7,229,758</u> | <u>542,268</u> |
| <u>(622,615)</u> | <u>(85,508)</u> | <u>537,107</u> |
| - | 24,161 | 24,161 |
| - | 6,456 | 6,456 |
| 12,500 | 9,500 | (3,000) |
| 3,500 | 3,271 | (229) |
| (25,100) | (25,600) | (500) |
| (83) | (73) | 10 |
| <u>(26,000)</u> | <u>(24,161)</u> | <u>1,839</u> |
| <u>(35,183)</u> | <u>(6,446)</u> | <u>28,737</u> |
| (657,798) | (91,954) | 565,844 |
| 119,413 | 119,413 | - |
| 595,398 | 595,398 | - |
| <u>\$ 57,013</u> | <u>\$ 622,857</u> | <u>\$ 565,844</u> |

COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

| | Enterprise | Internal Service | Totals (Memorandum Only) |
|--------------------------------------|--------------------|---------------------|--------------------------------|
| Operating revenues | | | |
| Tuition and fees | \$ 29,003 | \$ - | \$ 29,003 |
| Sales | 211,697 | - | 211,697 |
| Extracurricular | - | 23,313 | 23,313 |
| Total operating revenues | <u>240,700</u> | <u>23,313</u> | <u>264,013</u> |
| Operating expenses | | | |
| Salaries and wages | 130,803 | - | 130,803 |
| Fringe benefits | 40,116 | - | 40,116 |
| Contractual service | 4,300 | 24,046 | 28,346 |
| Materials and supplies | 135,156 | - | 135,156 |
| Depreciation | 2,518 | - | 2,518 |
| Total operating expenses | <u>312,893</u> | <u>24,046</u> | <u>336,939</u> |
| Operating (loss) | <u>(72,193)</u> | <u>(733)</u> | <u>(72,926)</u> |
| Nonoperating revenues | | | |
| Intergovernmental | 62,630 | - | 62,630 |
| Other | - | 200 | 200 |
| Total nonoperating revenues | <u>62,630</u> | <u>200</u> | <u>62,830</u> |
| Net (loss) | (9,563) | (533) | (10,096) |
| Retained earnings, beginning of year | <u>(41,567)</u> | <u>3,072</u> | <u>(38,495)</u> |
| Retained earnings, end of year | <u>\$ (51,130)</u> | <u>\$ 2,539</u> | <u>\$ (48,591)</u> |

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

COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY
COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

| | Enterprise | Internal Service | Totals (Memorandum Only) |
|---|-----------------|---------------------|--------------------------------|
| Cash flows from operating activities: | | | |
| Operating (loss) | \$ (72,193) | \$ (733) | \$ (72,926) |
| Adjustments to reconcile operating loss to net cash from operating activities: | | | |
| Depreciation | 2,518 | - | 2,518 |
| Donated commodities, used | 12,498 | - | 12,498 |
| Changes in net assets (increase) decrease and liabilities increase (decrease): | | | |
| Due from other governments | (187) | - | (187) |
| Inventories and supplies | 986 | - | 986 |
| Accounts and contracts payable | - | (577) | (577) |
| Accrued salaries and benefits | (3,155) | - | (3,155) |
| Due to other governments | 1,492 | - | 1,492 |
| Interfund payable | 7,000 | - | 7,000 |
| Deferred revenue | (799) | - | (799) |
| Compensated absences payable | (1,752) | - | (1,752) |
| Total adjustments | 18,601 | (577) | 18,024 |
| Net cash (used in) operating activities | <u>(53,592)</u> | <u>(1,310)</u> | <u>(54,902)</u> |
| Cash flows from by non-capital financing activities: | | | |
| Intergovernmental revenue | 50,132 | - | 50,132 |
| Other | - | 200 | 200 |
| Net cash provided by non-capital financing activities | <u>50,132</u> | <u>200</u> | <u>50,132</u> |
| Net (decrease) in pooled cash and equivalents | (3,460) | (1,110) | (4,570) |
| Equity in pooled cash and equivalents, beginning of year | <u>6,088</u> | <u>3,790</u> | <u>9,878</u> |
| Equity in pooled cash and equivalents, end of year | <u>\$ 2,628</u> | <u>\$ 2,680</u> | <u>\$ 5,308</u> |

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

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COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1 NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Columbia Local School District (the District) was 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 is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of, October 1, 1999 was 1,111. The District employs 84 certificated and 55 non-certificated employees.

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For Columbia Local 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 organizations' 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 organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided 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. The District does not have any component units, therefore the financial statements are that of the primary government.

The following entities which perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

Lake Erie Educational Computer Association - The Columbia Local School District participates in the Lake Erie Educational Computer Association (LEECA). LEECA provides data services needed by the participating school districts. This is a jointly governed organization. The District's participation is disclosed in Note 18 to the financial statements.

Lake Erie Regional Council of Governments - The Lake Erie Regional Council of Governments (LERC) promotes cooperative agreements to its members in dealing with problems of mutual concern. This is a jointly governed organization. The District's participation is disclosed in Note 18 to the financial statements.

Lorain County Joint Vocational School District - The Lorain County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide vocational and special education needs of the students. The Board of the Lorain County Joint Vocational School District is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, accounting and financing related activities. The Columbia Local School District's students may attend the Lorain County Joint Vocational School District. The District's participation is disclosed in Note 18 to the financial statements.

Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the Columbia Local School District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Columbia Local School District has the following fund types and account groups:

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be approximately sixty days. Generally property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred revenue until available, except for what is on hand with the county treasurer on the last day of the fiscal year which is recognized in the current period. Reimbursements due for federally funded programs are recognized when the corresponding expenditures are made.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the use of current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund - used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to expenditure for specified purposes.

Debt Service Fund - used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds.

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (continued)

Proprietary Fund Types

Proprietary fund types are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the board of education has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary fund operations. Proprietary funds include the following fund types:

Enterprise Funds - used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs, including depreciation where applicable, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund - used to account for the financing of goods or services provided by one department or agency to governmental units, on a cost-reimbursement basis.

Fiduciary Fund Type

Fiduciary fund types account for assets held by the government in a trustee capacity or as an agent on behalf of others. The fiduciary fund type is as follows:

Agency Fund - custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

Account Groups

The District maintains two account groups as described below:

General Fixed Assets Account Group - used to account for fixed assets acquired principally for general purposes other than those accounted for in proprietary funds.

General Long-term Debt Account Group - used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. DEPOSITS AND INVESTMENTS

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The District pools its cash for investment and administration purposes. Deposit and investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments and other cash equivalents are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Investment income is distributed to the funds based on their contribution to the pool, as permitted by the Ohio Revised Code.

C. RESTRICTED CASH

Restricted assets in the general fund represent cash and equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State. A fund balance reserve has also been established.

D. RECEIVABLES

Receivables are reflected at gross, except for delinquent taxes, which are net of the allowance for the amount that is expected to be uncollectible.

E. INVENTORIES AND SUPPLIES

The costs of inventory items are recognized as expenditures when purchased in the governmental funds and recognized as expenses when used in the enterprise funds. For all funds, cost is determined on a first-in, first-out basis.

F. FIXED ASSETS AND DEPRECIATION

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at their estimated fair market value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The District does not possess any infrastructure.

Fixed assets that are used in proprietary fund type activities are capitalized in their respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated useful life of the asset. Depreciable assets consist of equipment and furniture with estimated useful lives of 5 to 20 years.

G. LONG-TERM LIABILITIES

Unmatured general long-term liabilities, which are related to governmental fund type operations, are reflected in the general long-term debt account group.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees is accrued as employees earn the rights to the benefits.

Compensated absences that relate to future services or that are contingent on specific events that is outside the control of the District and its employees are accounted for in the period in which such services are rendered or such events take place.

In the governmental fund types, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in the general long-term debt account group. The District uses the vesting method to calculate the compensated absences liability.

In the proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

I. FUND EQUITY

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations.

J. TOTAL COLUMNS

Total columns on the general purpose financial statements are captioned (Memorandum Only) because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

COLUMBIA LOCAL SCHOOL DISTRICT
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 3 RESTATEMENT OF BEGINNING FUND BALANCES

The beginning fund balance on the budget basis has been restated to correct an error in the General Fund as indicated below:

| | As previously Reported | Adjustment | Restated |
|------------------------|---------------------------|-------------|------------|
| Beginning fund balance | \$ 493,075 | \$ (15,345) | \$ 477,730 |

NOTE 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY PROCESS

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

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object code function level within each fund. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates.

Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (non-GAAP budgetary basis) - All Governmental Fund Types" do not include July 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30.

The appropriation resolution fixes spending authority at the fund, function, object code level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (non-GAAP budgetary basis) - All Governmental Fund Types" represent the final appropriation amounts including all amendments and modifications.

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

Encumbrances

As part of formal budgetary control, purchases orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balances for subsequent-year expenditures.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (non-GAAP budgetary basis) - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the modified accrual basis of generally accepted accounting principles (GAAP basis) are that:

- 1.) Revenues are recorded when received (budgetary basis) rather than when susceptible to accrual (GAAP basis).
- 2.) Expenditures are recorded when paid or encumbered (budgetary basis) rather than when the liability was incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

| | Excess (deficiency) of revenues over expenditures and other sources (uses) - reconciliation of budget basis to GAAP basis | | |
|----------------------------------|---|--------------------|---------------------|
| | General | Special Revenue | Capital Projects |
| Budget basis | \$ (225,563) | \$ 6,289 | \$ 127,320 |
| Adjustments, increase (decrease) | | | |
| Revenue accruals | 85,185 | (74,775) | 61,044 |
| Expenditure accruals | 18,845 | 75,258 | (24,146) |
| GAAP basis, as reported | \$ (121,533) | \$ 6,772 | \$ 164,218 |

B. FUND EQUITY DEFICITS

Not apparent in the general purpose financial statements are deficit fund equity balances of \$ 2,090 in the Foundation Grants Fund, \$151 in the M.I.S. Fund, \$600 in the Data Communication Fund, \$4,833 in the Title VI-B Fund, \$13,813 in the Title I fund, \$10 in the Drug Free Schools Fund, \$2,232 in the Improvement Grant Fund, and \$ 51,593 in the Food Service Fund. These deficit fund equity balances at year-end result from reflecting expenditures and expenses in accordance with the modified accrual basis and the accrual basis which are substantially larger than the amounts recognized on the budget basis. The District, in accordance with its budget basis, will appropriate such expenditures from resources of the subsequent year.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5 DEPOSITS AND INVESTMENTS

The Columbia Local School District maintains a cash and investment pool used by various funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in pooled cash and equivalents."

A. LEGAL REQUIREMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 District has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies may be invested in;

- 1.) Time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts;
- 2.) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
- 3.) Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 4.) Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 5.) Bonds and other obligations of the State of Ohio;
- 6.) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- 7.) The State Treasurer's investment pool (STAROhio);

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5 DEPOSITS AND INVESTMENTS (continued)

- 8.) Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
- 9.) Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

B. DEPOSITS

At year-end, the carrying amount of the Columbia Local School District's deposits was \$ (8,138) and the bank balance was \$ 112,736. All of which was covered by federal depository insurance, by collateral held by a qualified third party trustee in the name of the Columbia Local School District in accordance with the Ohio Revised Code, or in collateral pools securing all public funds on deposit with specific depository institutions, which amount is considered uncollateralized as defined by the Government Accounting Standards Board.

C. INVESTMENTS

The District invests in the State Treasury Assets Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2000.

The District's interest in STAROhio has a carrying value and fair value of \$ 764,834 at June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$ 42,633, which includes amounts assigned from other District funds.

D. RESTRICTED CASH

Restricted cash consists of amounts that are required by law to be set aside for the budget stabilization reserve. At June 30, 2000 the restricted cash balance was \$ 39,064.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 6 FIXED ASSETS AND ACCUMULATED DEPRECIATION

A. GENERAL FIXED ASSETS ACCOUNT GROUP

The changes in general fixed assets during the year consisted of:

| | Balance July 1, 1999 | Additions | Disposals | Balance June 30, 2000 |
|----------------------------|-------------------------|------------------|-------------------|--------------------------|
| Land and improvements | \$ 184,581 | \$ - | \$ - | \$ 184,581 |
| Buildings and improvements | 2,747,332 | - | - | 2,747,332 |
| Equipment and furniture | 1,730,376 | 37,388 | 96,368 | 1,671,396 |
| Vehicles | 1,001,187 | - | 115,440 | 885,747 |
| | <u>\$ 5,663,476</u> | <u>\$ 37,388</u> | <u>\$ 211,808</u> | <u>\$ 5,489,056</u> |

B. PROPRIETARY FUND TYPE FIXED ASSETS

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

| Enterprise | Balance June 30, 2000 |
|--------------------------------|--------------------------|
| Equipment and furniture | \$ 220,875 |
| Less: accumulated depreciation | (210,049) |
| Net fixed assets | <u>\$ 10,826</u> |

NOTE 7 DEFERRED REVENUE

Deferred revenue at year-end consisted of:

| | Balance June 30, 2000 |
|-----------------------------|--------------------------|
| Property taxes receivable | \$ 3,014,610 |
| Grant revenue | 74,584 |
| Federal commodities, unused | 1,011 |
| | <u>\$ 3,090,205</u> |

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 8 GENERAL LONG-TERM DEBT

Changes in general long-term debt are as follows:

| | Outstanding July 1, 1999 | Additions | Retired | Outstanding June 30, 2000 |
|---------------------------|-----------------------------|-------------------|-------------------|------------------------------|
| Due to other governments | \$ 52,741 | \$ 58,224 | \$ 52,741 | \$ 58,224 |
| Bonds payable | 225,395 | - | 32,722 | 192,673 |
| Capital lease obligations | 12,319 | - | 3,085 | 9,234 |
| Compensated absences | 780,620 | 56,064 | 81,653 | 755,031 |
| | <u>\$ 1,071,075</u> | <u>\$ 114,288</u> | <u>\$ 170,201</u> | <u>\$ 1,015,162</u> |

NOTE 9 BONDS PAYABLE

Bonds payable outstanding at year-end consisted of:

| | Outstanding June 30, 1999 | Additions | Deductions | Outstanding June 30, 2000 |
|---|------------------------------|-------------|------------------|------------------------------|
| Energy conservation improvement bonds (1994) 5.50% through 2005 | <u>\$ 225,395</u> | <u>\$ -</u> | <u>\$ 32,722</u> | <u>\$ 192,673</u> |

NOTE 10 DEBT SERVICE REQUIREMENTS

Debt service requirements, including principal and interest, to retire bonds payable outstanding at June 30, 2000, consisted of:

| Year ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|------------------|-------------------|
| 2001 | \$ 34,522 | \$ 10,597 | \$ 45,119 |
| 2002 | 36,421 | 8,698 | 45,119 |
| 2003 | 38,424 | 6,695 | 45,119 |
| 2004 | 40,538 | 4,582 | 45,120 |
| 2005 | 42,768 | 2,352 | 45,120 |
| | <u>\$ 192,673</u> | <u>\$ 32,924</u> | <u>\$ 225,597</u> |

Compensated absences and the pension obligations will be paid from the funds from which the employee's salaries are paid. The capital lease obligations will be accounted for in the general long-term debt account group and paid for from the general fund.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 11 CAPITAL LEASE OBLIGATIONS

The Columbia Local School District is obligated under a certain lease accounted for as a capital lease. The leased asset and related obligation is accounted for in the General Fixed Asset Account Group and the General Long-term Debt Account Group, respectively. The asset under the capital lease is recorded as \$ 15,985. The lease is in effect through 2003.

The future minimum lease payments together with the net present value of the minimum lease payments as of June 30, 2000 is as follows:

| | Year ending June 30, | Amount |
|---|-------------------------|----------|
| | 2001 | \$ 3,576 |
| | 2002 | 3,576 |
| | 2003 | 2,682 |
| Total minimum lease payments | | 9,834 |
| Less amount representing interest | | (600) |
| Net present value of minimum lease payments | | \$ 9,234 |

NOTE 12 PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Taxes collected on real property, other than public utility, in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property, other than public utility, in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business, except for public utilities, is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88% of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the District its portion of the taxes collected.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 12 PROPERTY TAXES (continued)

The tax applied to real property collected in 1999 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$ 53.29 per \$ 1,000 of valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$ 27.39 per \$ 1,000 of assessed valuation for real property classified as residential/agricultural and \$ 32.80 per \$ 1,000 of assessed valuation for all other real property. The tax rate applied to tangible personal property for the current year ended June 30, 2000, was \$ 53.29 per \$ 1,000 of valuation.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amount available to the District as an advance at June 30, 2000 was \$ 801,030.

The property valuation consisted of:

| | |
|-----------------------------------|----------------|
| Real Property - 1999 | |
| Residential/Agricultural | \$ 104,433,020 |
| Commercial/Industrial | 10,531,860 |
| Public Utilities | 21,250 |
| Mineral | 67,030 |
| | |
| Tangible Personal Property - 2000 | |
| General | 3,084,680 |
| Public Utilities | 8,457,270 |
| Total Assessed Value | \$ 126,595,110 |

NOTE 13 RISK MANAGEMENT

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. The District contracted with the Indiana Insurance Company for property insurance. Professional liability is covered by the Nationwide Insurance Company with a \$ 5,000,000 aggregate limit. Vehicles are covered by the Nationwide Insurance Company. Automobile liability has a \$ 2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past several years.

Public officials bonds of \$ 40,000 are maintained for the superintendent and the board president by the Continental Insurance Company. The Nationwide Insurance Company maintains a \$ 20,000 public officials bond for the treasurer.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 13 RISK MANAGEMENT (continued)

The District participates in the Ohio School Boards Association Worker's 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 Ohio School Boards Association. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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 participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of GatesMcDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The District provides life insurance and accidental death and dismemberment insurance to its employees. Life insurance is provided through Diversified Benefits Plans Incorporated.

The District has contracted with Lake Erie Regional Employee Protection Plan (LEEP) to provide medical/surgical and dental benefits for its employees and their covered dependents. LEEP is a program administered by LERC (Lake Erie Regional Council). The LEEP is a shared risk pool comprised of thirteen school districts that provide public education within Lorain County. The Districts pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating school districts and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$ 165,000 per participant.

Premium contributions are determined annually based on the claims experience of the individual district. Premiums can be increased or decreased by up to 20% of the prior year's contribution. Member districts may become liable for additional contributions to fund the liability of the pool. In the event of termination, all participating districts' claims would be paid without regard to their individual account balances.

The LEEP Board of Directors has authority to return monies to an exiting district subsequent to the settlement of all claims and expenses. This plan provides a medical/surgical and dental plan with a \$ 500 deductible for family coverage and a \$ 250 deductible for single coverage.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 14 INTERFUND TRANSACTIONS

Interfund balances at June 30, 2000, consist of the following individual fund receivables and payables:

| <u>Fund</u> | <u>Receivable</u> | <u>Payable</u> |
|----------------------|-------------------|------------------|
| General | \$ 37,952 | \$ - |
| Special Revenue | | |
| Miscellaneous Grants | - | 7,700 |
| Athletic | - | 1,500 |
| Enterprise | | |
| Food Service | - | 19,500 |
| Agency Funds | | |
| Outdoor Education | - | 9,252 |
| Total | <u>\$ 37,952</u> | <u>\$ 37,952</u> |

NOTE 15 PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Columbia Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% 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 2000.

The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's contributions to SERS for the years ended June 30, 2000, 1999, and 1998 were \$ 152,700, \$ 148,100, and \$ 130,400, respectively. The District paid the required contribution for the fiscal years ended 1999 and 1998. For 2000, 48% has been contributed with the remainder being recorded as a liability within the respective funds and the general long-term debt account group.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 15 PENSION PLANS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

The Columbia Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2000, 1999, and 1998 were \$ 502,700, \$ 488,100, and \$ 469,400, respectively. The District paid the required contribution for the fiscal years ended 1999 and 1998. For 2000, 83% has been contributed with the remainder being recorded as a liability within the respective funds.

NOTE 16 POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's contribution is allocated to providing health care benefits. For fiscal year ended 1999 (the latest information available), employer contributions to fund health care benefits were 6.3% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999, the minimum pay has been established as \$ 12,400. The surcharge rate, added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 were \$ 126,380,984 and the target level was \$ 189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$ 188.0 million.

The number of participants currently receiving health care benefits is approximately 51,000. The portion of the District's contributions used to fund post-employment benefits was approximately \$ 78,200.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 16 POSTEMPLOYMENT BENEFITS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Health care benefits are financed on a pay-as-you-go basis.

The ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Retirement Board allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 1999 (the latest information available), the board allocated employer contribution equal to 8% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$ 2.783 billion at June 30, 1999. The health Care Reserve Fund allocation for the year ended June 30, 2000, is 8% of covered payroll. For the year ended June 30, 1999, the health care costs paid by STRS were \$ 249,929,000. There were 95,796 eligible benefit recipients.

NOTE 17 RETIREMENT INCENTIVE PLAN

The Columbia Board of Education adopted a retirement incentive policy effective with the 1997-98 school year. Full-time teachers who retire under STRS (excluding disability retirement) shall receive a lump sum cash payment of \$ 7,500. Teachers to be eligible for this retirement incentive must retire during their initial eligibility by the first teacher workday of the 1998-99, 1999-2000 or 2000-01 school year. As of June 30, 2000, the District's liability related to this retirement incentive plan was approximately \$ 15,000 which has been recorded in general long-term debt.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 18 JOINTLY GOVERNED ORGANIZATIONS

A. LAKE ERIE EDUCATION COMPUTER ASSOCIATION (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2000 the District paid \$ 12,354 to LEECA for basic service charges.

B. LAKE ERIE REGIONAL COUNCIL OF GOVERNMENTS (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization among thirteen districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, driver education, food service and insurance. Each member provided operating resources to LERC on a per pupil or actual usage charge except for insurance.

Through the Ohio Schools Council the District participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. The program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

The LERC assembly consists of a superintendent or designated representative from each participating district and the fiscal agent. LERC is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2000 the District paid \$ 293,136 to LERC.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 18 JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT (LCJVSD)

The Lorain County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide for vocational and special education needs of the students. The Board of the LCJVSD is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, and accounting and financing related activities. The District's students may attend the LCJVSD. Each school district's control is limited to its representation on the board. Financial information can be obtained by contacting the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44074.

NOTE 19 SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of school food service, uniform school supplies, and latchkey services. Segment information related to these follows:

| | Food Service | Uniform Supplies | Latchkey Services | Total Enterprise |
|--------------------------|-----------------|---------------------|----------------------|---------------------|
| Operating revenues | \$ 211,697 | \$ 29,003 | \$ - | \$ 240,700 |
| Operating expenses | | | | |
| Salaries and wages | 130,803 | - | - | 130,803 |
| Fringe benefits | 40,116 | - | - | 40,116 |
| Contractual services | 4,300 | - | - | 4,300 |
| Materials and supplies | 103,127 | 31,761 | 268 | 135,156 |
| Depreciation | 2,518 | - | - | 2,518 |
| Total operating expenses | 280,864 | 31,761 | 268 | 312,893 |
| Operating (loss) | (69,167) | (2,758) | (268) | (72,193) |
| Nonoperating revenues | 62,630 | - | - | 62,630 |
| Net (loss) | \$ (6,537) | \$ (2,758) | \$ (268) | (9,563) |
| Other information | | | | |
| Net working capital | \$ (45,011) | \$ 463 | \$ - | (44,548) |
| Total assets | \$ 21,967 | \$ 463 | \$ - | 22,430 |
| Total equity (deficit) | \$ (51,593) | \$ 463 | \$ - | (51,130) |

NOTE 20 OHIO SCHOOL FUNDING PLAN

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$ 2,469,864 of school foundation support all of which was recorded in its general fund.

COLUMBIA LOCAL SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 20 OHIO SCHOOL FUNDING PLAN (continued)

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

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

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

NOTE 21 STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During fiscal year ended June 30, 2000 the reserve activity (cash basis) was as follows:

| | Textbook | Capital Maintenance | Budget Stabilization | Total |
|-------------------------|-------------|------------------------|-------------------------|------------------|
| Balance, July 1, 1999 | \$ - | \$ - | \$ 39,064 | \$ 39,064 |
| Required set aside | 146,320 | 146,320 | - | 292,640 |
| Offset credits | - | (146,320) | - | (146,320) |
| Qualifying expenditures | (146,320) | - | - | (146,320) |
| Balance, June 30, 2000 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 39,064</u> | <u>\$ 39,064</u> |

Expenditures and offset credits for textbooks and capital maintenance during the year were \$ 158,280 and \$ 256,902, respectively, which exceeded the required set-aside and the reserve balance. Textbook expenditures have exceeded statutory requirements by \$11,960, which may be used as offset credits for future years' set aside requirements.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Education
Columbia Local School District
Lorain County
25796 Royalton Road
Columbia Station, Ohio 44028

We have audited the financial statements of the Columbia Local School District, Lorain County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 15, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 15, 2000.

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

Jim Petro
Auditor of State

December 15, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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COLUMBIA LOCAL SCHOOL DISTRICT

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 09, 2001**