



**COLUMBIANA EXEMPTED VILLAGE
SCHOOL DISTRICT
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types	8
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types	10
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types	12
Combined Statement of Cash Flows - All Proprietary Fund Types	14
Notes to the General Purpose Financial Statements	15
Report of Independent Accountants on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i>	39



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REPORT OF INDEPENDENT ACCOUNTANTS

Columbiana Exempted Village School District
Columbiana County
720 New Waterford Road
Columbiana, Ohio 44408

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2001, 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

January 11, 2001

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COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and				
Cash Equivalents	\$ 1,194,007	\$ 87,609	\$ 240,690	\$ 620,738
Cash and Cash Equivalents with Fiscal Agents			28,123	670,077
Receivables:				
Taxes	3,248,171		65,572	623,810
Intergovernmental				
Inventory Held for Resale				
Materials and Supplies				
Inventory				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	95,487			
Cash and Cash Equivalents with Fiscal Agents			979,097	
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service				
Fund to Retire Long-Term Debt				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	\$ 4,537,665	\$ 87,609	\$ 1,313,482	\$ 1,914,625
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	23,683			24,270
Contracts Payable				260,906
Accrued Wages	500,545	13,816		
Compensated Absences Payable	46,828			
Intergovernmental Payable	93,417	3,035		
Deferred Revenue	3,248,171		65,572	623,810
Due to Students				
Claims Payable				
Energy Conservation Loan Payable				
Certificates of Participation Payable				
General Obligation Bonds Payable				
Total Liabilities	3,912,644	16,851	65,572	908,986
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	168,693	26,233		133,134
Reserved for Debt Service Principal			979,097	
Reserved for Budget Stabilization	46,569			
Reserved for Bus Purchase	48,918			
Unreserved, Undesignated	360,841	44,525	268,813	872,505
Total Fund Equity and Other Credits	625,021	70,758	1,247,910	1,005,639
Total Liabilities, Fund Equity and Other Credits	\$ 4,537,665	\$ 87,609	\$ 1,313,482	\$ 1,914,625

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

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
	\$ 173,835	\$ 22,538			\$ 2,339,417 698,200
					3,937,553
14,211					14,211
7,180					7,180
	953				953
					95,487 979,097
19,996			13,047,764		13,067,760
				1,247,910	1,247,910
				9,931,577	9,931,577
\$ 42,340	\$ 173,835	\$ 22,538	\$ 13,047,764	\$ 11,179,487	\$ 32,319,345
	5,128				53,081 260,906
12,765					527,126
5,330				481,903	534,061
4,258				47,117	147,827
7,180					3,944,733
		22,538			22,538
	101,492				101,492
				534,128	534,128
				9,981,339	9,981,339
				135,000	135,000
29,533	106,620	22,538		11,179,487	16,242,231
			13,047,764		13,047,764
158,694					158,694
(145,887)	67,215				(78,672)
					328,060 979,097
					46,569 48,918
					1,546,684
12,807	67,215		13,047,764		16,077,114
\$ 42,340	\$ 173,835	\$ 22,538	\$ 13,047,764	\$ 11,179,487	\$ 32,319,345

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Revenues:					
Taxes	\$ 3,032,923		\$ 111,577	\$ 574,335	\$ 3,718,835
Intergovernmental	2,482,940	280,970	14,284	108,124	2,886,318
Interest	130,449	1,509	59,077	196,259	387,294
Tuition and Fees	39,337				39,337
Rent	15,632				15,632
Extracurricular Activities	129	117,241			117,370
Gifts and Donations	84	45,928		195,530	241,542
Miscellaneous	9,515	1,041			10,556
Total Revenues	<u>5,711,009</u>	<u>446,689</u>	<u>184,938</u>	<u>1,074,248</u>	<u>7,416,884</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,689,121	133,473			2,822,594
Special	565,229	132,608			697,837
Vocational	140,437				140,437
Support Services:					
Pupils	266,535	21,269			287,804
Instructional Staff	221,462	25,727			247,189
Board of Education	13,303				13,303
Administration	596,485	35,513			631,998
Fiscal	270,441	16,345			286,786
Operation and Maintenance of Plant	506,005	48			506,053
Pupil Transportation	174,178				174,178
Extracurricular Activities	113,104	93,586			206,690
Capital Outlay		4,203		6,039,555	6,043,758
Debt Service:					
Principal Retirement			87,581		87,581
Interest and Fiscal Charges			71,997		71,997
Total Expenditures	<u>5,556,300</u>	<u>462,772</u>	<u>159,578</u>	<u>6,039,555</u>	<u>12,218,205</u>
Excess of Revenues Over (Under) Expenditures	<u>154,709</u>	<u>(16,083)</u>	<u>25,360</u>	<u>(4,965,307)</u>	<u>(4,801,321)</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	140				140
Operating Transfers In				14,707	14,707
Operating Transfers Out	(10,008)		(14,707)		(24,715)
Total Other Financing Sources (Uses)	<u>(9,868)</u>		<u>(14,707)</u>	<u>14,707</u>	<u>(9,868)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>144,841</u>	<u>(16,083)</u>	<u>10,653</u>	<u>(4,950,600)</u>	<u>(4,811,189)</u>
Fund Balances at Beginning of Year	<u>480,180</u>	<u>86,841</u>	<u>1,237,257</u>	<u>5,956,239</u>	<u>7,760,517</u>
Fund Balances at End of Year	<u>\$ 625,021</u>	<u>\$ 70,758</u>	<u>\$ 1,247,910</u>	<u>\$ 1,005,639</u>	<u>\$ 2,949,328</u>

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

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COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 3,033,321	\$ 3,032,923	\$ (398)			
Intergovernmental	2,482,940	2,482,940		280,970	280,970	
Interest	130,000	130,449	449	2,500	1,509	(991)
Tuition and Fees	40,315	39,337	(978)			
Rent	16,000	15,632	(368)			
Extracurricular Activities	200	129	(71)	117,831	117,241	(590)
Gifts and Donations	100	84	(16)	47,079	45,928	(1,151)
Miscellaneous	9,406	9,515	109	1,041	1,041	
Total Revenues	5,712,282	5,711,009	(1,273)	449,421	446,689	(2,732)
Expenditures:						
Current:						
Instruction:						
Regular	2,667,556	2,661,550	6,006	75,072	136,990	(61,918)
Special	579,812	577,192	2,620	128,832	128,832	
Vocational	140,108	140,108				
Support Services:						
Pupils	265,587	265,599	(12)	21,088	21,088	
Instructional Staff	217,358	214,252	3,106	25,771	25,771	
Board of Education	13,280	13,305	(25)			
Administration	592,187	589,486	2,701	35,359	35,513	(154)
Fiscal	262,539	266,895	(4,356)	16,131	16,131	
Operation and Maintenance of Plant	503,579	508,132	(4,553)	48	48	
Pupil Transportation	333,956	333,845	111			
Extracurricular Activities	113,875	113,875		117,552	117,552	
Capital Outlay				4,203	4,203	
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	5,689,837	5,684,239	5,598	424,056	486,128	(62,072)
Excess of Revenues Over (Under) Expenditures	22,445	26,770	4,325	25,365	(39,439)	(64,804)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	200	140	(60)			
Advances In	5,500	5,500				
Advances Out				(5,500)	(5,500)	
Operating Transfers In						
Operating Transfers Out		(10,008)	(10,008)			
Total Other Financing Sources (Uses)	5,700	(4,368)	(10,068)	(5,500)	(5,500)	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	28,145	22,402	(5,743)	19,865	(44,939)	(64,804)
Fund Balances at Beginning of Year	1,071,558	1,071,558		44,244	44,244	
Prior Year Encumbrances Appropriated	15,107	15,107		62,071	62,071	
Fund Balances at End of Year	\$ 1,114,810	\$ 1,109,067	\$ (5,743)	\$ 126,180	\$ 61,376	\$ (64,804)

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

Debt Service Fund			Capital Projects Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 111,663	\$ 111,577	\$ (86)	\$ 574,335	\$ 574,335		\$ 3,719,319	\$ 3,718,835	\$ (484)
14,284	14,284		108,124	108,124		2,886,318	2,886,318	
			10,000	9,088	(912)	142,500	141,046	(1,454)
						40,315	39,337	(978)
						16,000	15,632	(368)
						118,031	117,370	(661)
			200,000	195,530	(4,470)	247,179	241,542	(5,637)
						10,447	10,556	109
<u>125,947</u>	<u>125,861</u>	<u>(86)</u>	<u>892,459</u>	<u>887,077</u>	<u>(5,382)</u>	<u>7,180,109</u>	<u>7,170,636</u>	<u>(9,473)</u>
			38,509	39,085	(576)	2,781,137	2,837,625	(56,488)
						708,644	706,024	2,620
						140,108	140,108	
						286,675	286,687	(12)
						243,129	240,023	3,106
						13,280	13,305	(25)
						627,546	624,999	2,547
2,815	2,815					281,485	285,841	(4,356)
			(6,200)	(6,200)		497,427	501,980	(4,553)
			1,450	1,450		333,956	333,845	111
			949,859	1,008,433	(58,574)	232,877	232,877	
						954,062	1,012,636	(58,574)
87,581	87,581	0				87,581	87,581	
38,069	38,069	0				38,069	38,069	
<u>128,465</u>	<u>128,465</u>	<u>0</u>	<u>983,618</u>	<u>1,042,768</u>	<u>(59,150)</u>	<u>7,225,976</u>	<u>7,341,600</u>	<u>(115,624)</u>
<u>(2,518)</u>	<u>(2,604)</u>	<u>(86)</u>	<u>(91,159)</u>	<u>(155,691)</u>	<u>(64,532)</u>	<u>(45,867)</u>	<u>(170,964)</u>	<u>(125,097)</u>
						200	140	(60)
						5,500	5,500	
						(5,500)	(5,500)	
							(10,008)	(10,008)
						200	(9,868)	(10,068)
(2,518)	(2,604)	(86)	(91,159)	(155,691)	(64,532)	(45,667)	(180,832)	(135,165)
243,294	243,294		557,243	557,243		1,916,339	1,916,339	
			61,781	61,781		138,959	138,959	
<u>\$ 240,776</u>	<u>\$ 240,690</u>	<u>\$ (86)</u>	<u>\$ 527,865</u>	<u>\$ 463,333</u>	<u>\$ (64,532)</u>	<u>\$ 2,009,631</u>	<u>\$ 1,874,466</u>	<u>\$ (135,165)</u>

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating Revenues:			
Sales	\$ 124,614		\$ 124,614
Charges for Services		637,619	637,619
Total Operating Revenues	124,614	637,619	762,233
Operating Expenses:			
Salaries	71,363		71,363
Fringe Benefits	40,997		40,997
Purchased Services	2,000	149,836	151,836
Cost of Sales	93,474		93,474
Claims		623,160	623,160
Depreciation	3,598		3,598
Total Operating Expenses	211,432	772,996	984,428
Operating Income (Loss)	(86,818)	(135,377)	(222,195)
Non-Operating Revenues (Expenses):			
Other Financing Uses	43,045		43,045
Donated Commodities	14,658		14,658
Operating Grants	63,066		63,066
Loss on Sale of fixed Assets	(3,590)		(3,590)
Total Non-Operating Revenues (Expenses):	117,179		117,179
Income (Loss) Before Operating Transfers	30,361	(135,377)	(105,016)
Operating Transfers In	10,008		10,008
Net Income (Loss)	40,369	(135,377)	(95,008)
Retained Earnings (Deficit) at Beginning of Year	(186,256)	202,592	16,336
Retained Earnings (Deficit) at End of Year	(145,887)	67,215	(78,672)
Contributed Capital at Beginning of Year	201,739		201,739
Capital Contributions During Year	(43,045)		(43,045)
Contributed Capital at End of Year	158,694		158,694
Total Fund Equity at End of Year	\$ 12,807	\$ 67,215	\$ 80,022

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

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**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$ 125,000	\$ 124,614	\$ (386)
Operating Grants	67,500	60,169	(7,331)
Charges for Services			
Total Revenues	<u>192,500</u>	<u>184,783</u>	<u>(7,717)</u>
Expenses:			
Salaries	71,156	71,156	
Fringe Benefits	41,368	41,368	
Purchased Services	2,000	2,000	
Materials and Supplies	78,949	78,949	
Other			
Total Expenses	<u>193,473</u>	<u>193,473</u>	
Excess of Revenues Under Expenses	(973)	(8,690)	(7,717)
Operating Transfers In	10,000	10,008	8
Excess of Revenues Over (Under) Expenses and Operating Transfers	9,027	1,318	(7,709)
Fund Equity at Beginning of Year	(1,318)	(1,318)	
Fund Equity at End of Year	<u><u>\$ 7,709</u></u>	<u><u></u></u>	<u><u>\$ (7,709)</u></u>

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

<u>Internal Service Fund</u>			<u>Totals (Memorandum Only)</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
			\$ 125,000	\$ 124,614	\$ (386)
			67,500	60,169	(7,331)
<u>650,000</u>	<u>637,619</u>	<u>(12,381)</u>	<u>650,000</u>	<u>637,619</u>	<u>(12,381)</u>
<u>650,000</u>	<u>637,619</u>	<u>(12,381)</u>	<u>842,500</u>	<u>822,402</u>	<u>(20,098)</u>
			71,156	71,156	
			41,368	41,368	
162,810	144,708	18,102	164,810	146,708	18,102
			78,949	78,949	
<u>575,490</u>	<u>575,490</u>		<u>575,490</u>	<u>575,490</u>	
<u>738,300</u>	<u>720,198</u>	<u>18,102</u>	<u>931,773</u>	<u>913,671</u>	<u>18,102</u>
(88,300)	(82,579)	5,721	(89,273)	(91,269)	(1,996)
			10,000	10,008	8
(88,300)	(82,579)	5,721	(79,273)	(81,261)	(1,988)
256,414	256,414		255,096	255,096	
<u><u>\$ 168,114</u></u>	<u><u>\$ 173,835</u></u>	<u><u>\$ 5,721</u></u>	<u><u>\$ 175,823</u></u>	<u><u>\$ 173,835</u></u>	<u><u>\$ (1,988)</u></u>

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

	Enterprise	Internal Service	Totals (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 124,614		\$ 124,614
Cash Received from Quasi-External Transactions from Other Funds		637,619	637,619
Cash Payments to Suppliers for Goods and Services	(80,949)	(144,708)	(225,657)
Cash Payments to Employees for Services	(71,156)		(71,156)
Cash Payments for Employee Benefits	(41,368)		(41,368)
Cash Payments for Claims		(575,490)	(575,490)
Net Cash Provided by/(Used for) Operating Activities	(68,859)	(82,579)	(151,438)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	60,169		60,169
Transfers In	10,008		10,008
Advances Out	(1,318)		(1,318)
Residual Equity Transfer Out			
Net Cash Provided by/(Used for) Noncapital Financing Activities	68,859		68,859
Net Increase in Cash and Cash Equivalents		(82,579)	(82,579)
Cash and Cash Equivalents at Beginning of Year		256,414	256,414
Cash and Cash Equivalents at End of Year		173,835	173,835
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Income/(Loss)	(86,818)	(135,377)	(222,195)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	3,598		3,598
Donated Commodities Used During Year	14,658		14,658
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable		16,708	16,708
Increase in Materials and Supplies Inventory	(133)		(133)
Increase in Accounts Payable		5,128	5,128
Increase in Accrued Wages	207		207
Decrease in Compensated Absences Payable	(27)		(27)
Decrease in Intergovernmental Payable	(344)		(344)
Increase in Claims Payable		30,962	30,962
Total Adjustments	17,959	52,798	70,757
Net Cash Provided by/(Used for) Operating Activities	\$ (68,859)	\$ (82,579)	\$ (151,438)

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Columbiana Exempted Village School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or federal guidelines.

The School District was established in 1890 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 18 square miles. It is located in Columbiana and Mahoning Counties, and includes all of the Village of Columbiana and portions of Fairfield, Beaver and Springfield Townships. The School District is staffed by 38 non-certificated employees, 68 certificated full-time teaching personnel and 4 administrative employees who provide services to 1,047 students. The School District currently operates 3 instructional buildings and 1 bus garage.

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

Within the School District boundaries, Heartland Christian School is operated as a private school. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity of these State monies by the School District is reflected in a special revenue fund for financial reporting purposes.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

Columbiana Exempted Village School District Leasing Corporation: During fiscal year 1999, the Columbiana Exempted Village School District Leasing Corporation was formed to issue Certificates of Participation for the purpose of constructing a new high school in accordance with Ohio Revised Code 3313.375. The School District will make lease payments to the Corporation for the life of the issuance, after which time it will take ownership of the building. The Leasing Corporation is governed by a three member board appointed by the School District. Although the Leasing Corporation is a separate legal entity, the School District's financial statements include activity pertaining to the Certificates of Participation since the debt was issued on behalf of the School District. The Leasing Corporation has assigned its duties to a Trustee to handle the finances.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

The School District is associated with two jointly governed organizations, one related organization, and one public entity pool. These organizations include the Columbiana County Career Center, Area Cooperative Computerized Educational Service System, Columbiana Public Library, and the Ohio School Boards Association Worker's Compensation Group Rating Program. These organizations are presented in Notes 16, 17, and 18 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Columbiana 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Proprietary Fund Types:

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

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

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

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds include only agency funds.

Account Groups:

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

General Fixed Assets Account Group: This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Long-Term Obligations Account Group: This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

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

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

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

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. Governmental funds are legally required to be budgeted and appropriated. The trustee accounts set up in accordance with the issuance of the certificates of participation are not part of the entity for which the "appropriated budget" is adopted. The legal level of budgetary control is fund level for funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Columbiana County Budget Commission for rate determination.

Estimated Resources:

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. The treasurer maintains budgetary information at the object level within each function and has the authority to allocate appropriations within the object level without a resolution by the Board.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents with fiscal agents represents amounts held by a trustee in accordance with the agreement for the issuance of the certificates of participation (COPs).

During fiscal year 2000, investments were limited to Certificates of Deposit, Repurchase Agreements, and STAR Ohio. All investments of the School District had a maturity of two years or less. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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

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 \$130,449, which includes \$61,311 assigned from other School District funds.

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

E. Inventory

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

F. Fixed Assets and Depreciation

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

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

G. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement

Special Revenue Funds

Disadvantaged Pupil Impact Aid
Textbook Subsidy

Non-reimbursable Grants

Special Revenue Funds

Auxiliary Services
Professional Development
Education Management Information Systems
School Net Professional Development
Safe School Helpline
Title I
Title VI
Title VI-B
Drug-Free Schools
Preschool Grant
E-Rate
Title VI-R

Capital Projects Funds

School Net
School Net Plus
Power Up

Reimbursable Grants

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements received in governmental funds amounted to approximately 37 percent of the School District's governmental operating revenues during the 2000 fiscal year.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Assets/Liabilities

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

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources. General obligation bonds, energy conservation loans payable and certificates of participation are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for debt service principal represents monies set-aside for the last principal payment on the certificates of participation.

M. Contributed Capital

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

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

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and to create a reserve for budget stabilization. Restricted assets in the debt service fund include monies set-aside to satisfy requirements in the trustee agreement for the issuance of the certificates of participation (COPs). These amounts are restricted for the last principal payment on the COPs. See Note 20 for the calculations of the year-end reserve balances.

O. Total Columns on General Purpose Financial Statements

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

3. ACCOUNTABILITY

At June 30, 2000, the food service enterprise fund had a deficit retained earnings of \$185,342. The School District is currently analyzing the operations of the food service enterprise fund to determine how to alleviate the deficit balance.

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budget Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity Budget and Actual (Budget Basis) - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as a note disclosure in the proprietary fund type (GAAP basis).
4. During fiscal year 1999, Certificates of Participation (COPs) were issued for the construction of a new high school. The activity related to this transaction is not included on the budgetary statements but is presented on the GAAP statements (See Note 13).

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$144,841	(\$16,083)	\$10,653	(\$4,950,600)
Revenue Accruals	0	0	(59,077)	(187,171)
Expenditure Accruals	52,488	2,877	31,113	5,154,191
Advance In	5,500	0	0	0
Advance Out	0	(5,500)	0	0
Activity related to COPs	0	0	14,707	(14,707)
Encumbrances	(180,427)	(26,233)	0	(157,404)
Budget Basis	<u>\$22,402</u>	<u>(\$44,939)</u>	<u>(\$2,604)</u>	<u>(\$155,691)</u>

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Income/Excess of Revenues Over(Under) Expenses, and Operating Transfers
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$40,369	(\$135,377)
Revenue Accrual	(42,352)	0
Expense Accrual	(297)	52,798
Depreciation Expense	3,598	0
Budget Basis	<u>\$1,318</u>	<u>(\$82,579)</u>

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$4,236 and the bank balance was \$77,184. The entire bank balance was covered by federal depository insurance.

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

	Category 1	Category 3	Fair Value
Certificates of Deposit	\$1,750,000		\$1,750,000
Federal Government Securities	1,599,172		1,599,172
Repurchase Agreements		148,000	148,000
STAR Ohio			608,743
Totals			\$4,105,915

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$4,112,201	\$0
Cash on Hand	(2,050)	0
Investments:		
Certificates of Deposit	(1,750,000)	1,750,000
Federal Government Securities	(1,599,172)	1,599,172
Repurchase Agreement	(148,000)	148,000
STAR Ohio	(608,743)	608,743
GASB Statement No. 3	\$4,236	\$4,105,915

6. PROPERTY TAXES

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

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

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

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

6. PROPERTY TAXES (Continued)

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

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

	<u>1999 Second - Half Collections</u>		<u>2000 First - Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$92,198,860	82.34%	\$99,462,190	83.52%
Public Utility	5,716,710	5.11	5,744,950	4.82
Tangible Personal Property	14,053,930	12.55	13,879,700	11.66
Total Assessed Value	<u>\$111,969,500</u>	<u>100.00%</u>	<u>\$119,086,840</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$44.30		\$43.80	

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

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

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

7. RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Intergovernmental receivables consists of \$14,211 due the lunchroom fund for lunch reimbursements for April, May and June 2000.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

8. FIXED ASSETS

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

Furniture and Equipment	\$158,694
Less Accumulated Depreciation	<u>(138,698)</u>
Net Fixed Assets	<u><u>\$19,996</u></u>

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

<u>Asset Category</u>	<u>Balance at 6/30/99</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/00</u>
Land and Improvements	\$278,091	\$0	\$0	\$16,050	\$262,041
Buildings and Improvements	3,294,923	2375	7,739,356	1,667	11,034,987
Construction in Progress	3,194,342	0	4,545,014	7,739,356	0
Furniture, Fixtures and Equip.	1,470,545	(3,855)	102,318	162,670	1,406,338
Vehicles	<u>344,398</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>344,398</u>
Totals	<u><u>\$8,582,299</u></u>	<u><u>(\$1,480)</u></u>	<u><u>\$12,386,688</u></u>	<u><u>\$7,919,743</u></u>	<u><u>\$13,047,764</u></u>

9. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Indiana Insurance for property, inland marine, and boiler/machinery coverage and with Nationwide Insurance for fleet insurance and liability insurance. Coverages are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$14,563,966
Inland Marine Coverage (\$100 deductible)	75,000
Scheduled Property (\$250 deductible)	533,039
Crime Insurance	5,000
Automobile Liability (\$0 deductible)	1,000,000
Uninsured Motorists (\$0 deductible)	300,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000
Commercial Umbrella Liability Policy	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

9. RISK MANAGEMENT (Continued)

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical/surgical, prescription, vision and dental insurance is offered to employees through a self-insurance internal service fund. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical/surgical plan with \$400 family and \$200 single deductible. A third party administrator, Medical Mutual of Ohio, reviews all claims which are then paid by the School District. The School District purchases stop-loss coverage of \$25,000 per employee. The School District pays into the self-insurance internal service fund \$533 family coverage or \$250 individual coverage per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The School District also provides prescription drug, vision and dental insurance to its employees through this self-insured program, the premiums of which are included in the above amounts. This plan utilizes a \$7 brand/\$0 generic prescription deductible.

The claims liability of \$101,492 reported in the internal service fund at June 30, 2000, is based on a review of claims processed during the months of July and August, 2000 and determining those claims with service dates prior to June 30, 2000, and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expense and does not include allocated or unallocated claims adjustment expenses. Changes in the fund's claims liability amount for 1999 and 2000 were:

	Balance at Beginning of Year	Current Year Claims	Stop Loss Reimbursement	Claims Payments	Balance at End of Year
1999	\$48,706	\$476,072	\$5,452	\$459,700	\$70,530
2000	70,530	623,160	(16,708)	575,490	101,492

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 7.7 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$56,092, \$52,335, and \$59,778, respectively; 51.59 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$22,218 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$181,305, \$170,802, and \$298,922, respectively; 82.92 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$30,967 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

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 have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

11. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$241,740 for fiscal year 2000.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$62,550.

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

12. EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all personnel. Upon retirement, payment is made according to negotiated agreements.

B. Life Insurance

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

13. LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Library Bond 1990 7.23% average maturing December 1, 2001	\$195,000	\$0	\$60,000	\$135,000
Energy Conservation Loan 1998 4.8% maturing December 1, 2013	561,709	0	27,581	534,128
Certificates of Participation 3.50 - 5.15% maturing December 1, 2022	9,972,095	69,244	60,000	9,981,339
Pension Obligation	43,303	47,117	43,303	47,117
Compensated Absences	447,716	34,187	0	481,903
Total General Long-Term Obligations	\$11,219,823	\$150,548	\$190,884	\$11,179,487

Library Bond - On September 1, 1990, Columbiana School District issued \$500,000 in bonds on behalf of the Columbiana Public Library. These bonds will be paid from the property tax revenue in the debt service fund. See Note 18 for further information.

Energy Conservation Loan - On December 17, 1998, Columbiana School District issued \$576,217 in an unvoted general obligation loan for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The loan was issued for a fifteen year period with final maturity during fiscal year 2014. This loan will be paid from resources in the debt service fund.

Certificates of Participation - In fiscal year 1999, the School District entered into a lease agreement with the Columbiana EVSD Leasing Corporation for a new high school. The lease is an annual lease subject to renewal for twenty-three years through December 1, 2022.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

13. LONG-TERM OBLIGATIONS (Continued)

The Leasing Corporation entered an agreement with a trustee through which it assigned and transferred rights and interest under the lease to Huntington National Bank as Trustee. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semiannual lease payments. Proceeds from the issuance are mainly being used to construct a new high school. In addition, terms of the trust indenture require a portion of the proceeds to be set aside for current and future certificate payments. The current certificate payment account is used to account for resources accumulated for payment over the next twelve months. The reserve account is used solely to make rent payments if a deficiency exists in the current certificate payment account and, if all payments are current, to make payment of the last certificate payments.

Certificates maturing December 1 in the years from and including 2010 to and including 2014 are Capital Appreciation Certificates. These are securities that are purchased at a discount at the time of issuance and, at maturity, all compound interest is paid and the holder of the certificate collects the face value. However, since interest is technically earned and compounded semiannually, the value of the certificate increases. Therefore, as the value increases, the accretion is booked as principal. The accretion amount for fiscal year 2000 is \$69,244.

The obligation of the School District under the lease and any subsequent lease renewal is subject to annual appropriation of the rental payments. Legal title to the facilities remains with the Leasing Corporation until all payments required under the lease have been made. At that time, title will transfer to the School District.

The liability for the Certificates is recorded in the General Long-Term Debt Account Group with the annual principal and interest requirements payable from resources from the debt service fund. The Certificates of Participation are not a general obligation of the School District but are payable only from appropriations by the School District for annual lease payments.

Employer pension obligations: Employer pension due to the School Employees Retirement System will be paid from the fund from which the employee is paid.

Compensated absences: Sick leave benefits will be paid from the fund from which the employee is paid.

The School District's voted legal debt margin was \$9,604,906 with an unvoted debt margin of \$119,087 at June 30, 2000.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	143,921	442,967	586,888
2002	155,326	434,939	590,265
2003	111,799	428,464	540,263
2004	138,343	423,379	561,722
2005	174,963	416,973	591,936
Thereafter	9,926,115	6,135,048	16,061,163
Total	<u>\$10,650,467</u>	<u>\$8,281,770</u>	<u>\$18,932,237</u>

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

14. CONTRACTUAL COMMITMENTS

As of June 30, 2000, contractual commitments outstanding for the high school project were as follows:

General Contractor	\$100,000
Mechanical Contractor	84,550
Electrical Contractor	50,019
Casework Contractor	20,472
Architect	<u>5,865</u>
Total	<u>\$260,906</u>

15. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

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

16. JOINTLY GOVERNED ORGANIZATIONS

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

Area Cooperative Computerized Educational Service System - The School District is a participant in the Area Cooperative Computerized Educational Service System (ACCESS) which is a computer consortium. ACCESS is an association of public school districts within the boundaries of Columbiana and Mahoning Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding. To obtain information, write to ACCESS, 2801 Market Street, Suite 202, Youngstown, Ohio 44507.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

17. RELATED ORGANIZATION

Columbiana Public Library - The Columbiana Public Library is a related organization of the School District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit for, or burden to the School District. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the School District must place the levy on the ballot. The Library may issue debt and determines its own budget. In May, 1990, a Library Improvement Bond Issue in the amount of 1.1 mills was passed by the voters. The tax monies from that levy come to the School District with which the bonded debt is paid. The final payment on the bonds is December 1, 2001.

18. PUBLIC ENTITY RISK POOL

Risk Sharing Pool

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

19. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$1,933,538 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature 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 appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "... the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "... major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

19. STATE SCHOOL FUNDING DECISION (Continued)

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 School 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.

20. STATUTORY RESERVES

The School District is required by State statute to annually set aside certain monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year. The School District was required to set-aside additional monies for textbooks and other instructional materials. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The School District is also required to set-aside monies for budget stabilization and receives money designated for the purchase of school buses. This amount is shown as a reserve for bus purchases.

During the fiscal year ended June 30, 2000, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	School Bus Reserve	Total
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$32,235	\$34,127	\$66,362
Current Year Set-aside Requirement	139,707	139,707	46,569	16,191	342,174
Current Year Offsets	0	(36,124)	(32,235)	0	(68,359)
Qualifying Disbursements	(167,644)	(103,583)	0	(1,400)	(272,627)
Set-aside Cash Balance as of June 30, 2000	(\$27,937)	\$0	\$46,569	\$48,918	\$67,550

Offsets for capital activity during the year were \$525,027, which exceeded the required set-aside and the reserve balance.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Columbiana Exempted Village School District
Columbiana County
720 New Waterford Road
Columbiana, Ohio 44408

To the Board of Education:

We have audited the general purpose financial statements of the Columbiana Exempted Village School District, Columbiana County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated January 11, 2001. 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 an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated January 11, 2001.

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 a matter involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 11, 2001.

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

January 11, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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COLUMBIANA 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 20, 2001**