Mary Taylor, CPA
Auditor of State

Columbiana Exempted Village School District
Columbiana County, Ohio

Termination of Fiscal Watch

Local Government Services Section

COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

FISCAL WATCH TERMINATION

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Termination of Fiscal Watch

Pursuant to a request submitted to the Auditor of State by the Columbiana Exempted Village School District Board of Education to remove the School District from Fiscal Watch, the Auditor of State has determined that Columbiana Exempted Village School District has met the Guidelines for Release from Fiscal Watch as published by the Auditor of State and the Ohio Department of Education. The Columbiana Exempted Village School District's status of Fiscal Watch is hereby terminated as of March 16, 2007.

Accordingly, on behalf of the Auditor of State, a report is hereby submitted to Robert Rubickey, President of the Board of Education of the Columbiana Exempted Village School District**;** J. Pari Sabety, Director of Budget and Management; and Dr. Susan Tave Zelman, State Superintendent of Public Instruction.

Mary Taylor, CPA
Auditor of State

March 16, 2007

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Declaration of Fiscal Watch

The Auditor of State, in accordance with Section 3316.03 of the Ohio Revised Code, is required to declare a school district to be in a state of fiscal watch if it is determined that the school district meets any one of the four conditions described in Section 3316.03(A) of the Ohio Revised Code. The conditions are:

1. The Auditor of State has certified a forecasted general fund operating deficit for the current fiscal year exceeding 8 percent of the school district's general fund revenue for the preceding fiscal year, and the district has not passed a tax levy to eliminate this condition in the succeeding year.

2. A school district has restructured its operating debt while in fiscal emergency, the fiscal emergency has been terminated and any portion of the restructured debt is still outstanding.

3. A school district was placed in fiscal caution due to budgetary conditions that could lead to a declaration of watch or emergency, the school district has not acted reasonably to correct the noted fiscal conditions, and the Ohio Department of Education has determined that a declaration of fiscal watch is necessary to prevent further fiscal decline.

4. The Auditor of State has certified a forecasted general fund operating deficit for the current fiscal year between two percent and eight percent of the school district's general fund revenue for the preceding fiscal year, the district has not passed a levy to eliminate the deficit in the succeeding fiscal year, and the Auditor of State determines there is no reasonable cause for the deficit or that declaring fiscal watch is necessary to prevent further fiscal decline.

On March 26, 2004, the Department of Education declared the Columbiana Exempted Village School District to be in a state of fiscal caution based on an anticipated deficit for fiscal years 2004 and 2005. On June 2, 2004, the Department of Education notified the Auditor of State that the Columbiana Exempted Vllage School District failed to submit an acceptable written proposal required by Section 3316.031(C) for correcting the conditions that prompted the declaration of fiscal caution. As a result, the Auditor of State declared the Columbiana Exempted Village School District to be in fiscal watch on June 22, 2004.

Guidelines for Release from Fiscal Watch

The procedures for removing a school district from fiscal watch are set forth in Guidelines for Release from Fiscal Watch, developed by the Ohio Department of Education and the Auditor of State. These guidelines permit a school district to first submit a request for release from fiscal watch in the fiscal year following the fiscal year in which the Auditor of State declared the school district in fiscal watch. A school district may not request release from fiscal watch in the same fiscal year in which the Auditor of State made the declaration. Additionally, a school district may not request release from fiscal watch until the State Superintendent of Public Instruction has approved the financial recovery plan of the school district.

A school district seeking release from fiscal watch must request release by sending a letter and board resolution to the Auditor of State and the State Superintendent of Public Instruction.

The Department of Education will:

- Determine whether the district has met the requirements of its financial recovery plan (including alleviating the conditions that lead to the declaration of fiscal watch and alleviating any conditions and discontinuing any practices identified by the Auditor of State that could lead to the declaration of fiscal caution) and provide the Auditor of State with a written summary of its findings; and,

- Based on its review and analysis of the district, notify the Auditor of State whether it supports the Board of Education's request for release.

The Auditor of State's Office will:

- Determine that the district received an unqualified opinion on its most recent audit of its financial statements and that the statements were prepared in accordance with generally accepted accounting principles;

- Determine that the compliance and management letters issued as part of the most recent audit contain no material issues relating to accounting policies and procedures that could negatively impact the financial recovery or condition of the district;

- Examine the district's five-year forecast. To be eligible for release from watch, the forecast must be based on the board's most likely course of action, demonstrate that the district will avoid all fiscal watch conditions for the current and ensuing fiscal year, and receive an unqualified opinion from the Auditor of State; and,

- Make a determination regarding release and notify the school district and the Department of Education.

<u>Analysis of Compliance with the Guidelines for Termination of Fiscal Watch</u>

The Columbiana Exempted Village School District Board of Education passed a resolution on September 13, 2006, requesting termination from fiscal watch. This resolution, along with recommendation for release from fiscal watch from the Ohio Department of Education, was forwarded to the Auditor of State on October 20, 2006.

- The primary strategy of the recovery plan dated August 4, 2004, was to decrease operating expenditures. Proposals to achieve this strategy included the following:

  a) The elimination of classified and certified positions through attrition or a reduction in force; and,

  b) Reductions in fringe benefit costs.

  Actions taken to achieve the provisions of the plan include the following:

  a) Eliminated 10 certified positions, one administrative position and six classified positions along with reductions in hours for both certified and classified positions for a savings of approximately $679,000, annually.

- The Ohio Department of Education provided the Auditor of State with a letter, dated October 20, 2006, in which ODE stated "…the School District achieved the objectives of the recovery plan and should be considered for release from fiscal watch."

- The guidelines require the School District to prepare its financial statements using generally accepted accounting principles and receive an unqualified audit opinion. The School District's General Purpose External Financial Statements for the fiscal year ended June 30, 2004, was released by the Auditor of State on March 30, 2005, and included an unqualified opinion.

- As part of the analysis for termination of fiscal watch, the School District's compliance and management letters issued as part of the audit for fiscal year 2004 were reviewed. The compliance and management letters disclosed the following:

  a) The School District had no citations in the report on compliance.

  b) The Board receives a management letter at the conclusion of each bi-annual audit. The letter that accompanied the 2004 audit included no compliance issues and one immaterial recommendation. Management has implemented changes as a result of the recommendation. While this change is in the interest of the School District, the audit for 2005 will determine the effectiveness of the change.

- The Auditor of State has examined the School District's financial forecast for the fiscal years ending June 30, 2007 through 2011, to determine if the School District will avoid fiscal watch conditions for the current and ensuing fiscal years. The financial forecast and our report are included in Appendix A. The financial forecast reflects a positive unencumbered/unreserved general fund balance through fiscal year 2011. Our report on the financial forecast includes an unqualified opinion.

Conclusion

Based on our analysis, the Auditor of State has determined the following:

1) The School District has received an unqualified opinion on financial statements prepared in accordance with generally accepted accounting principles for the fiscal year ended June 30, 2004;

2) The compliance letter issued as part of the 2004 audit contained no noncompliance issues;

3) The management letter issued at the completion of the 2004 audit included no compliance issues and no material recommendations;

4) The Auditor of State has examined the School District's financial forecast. The forecast demonstrates that the School District will avoid a fiscal watch condition based on the general fund balances for fiscal years 2007 through 2011; and,

5) The Ohio Department of Education has provided a letter dated October 20, 2006, which indicates the School District has achieved the objectives of the recovery plan and should be considered for termination of fiscal watch.

The Columbiana Exempted Village School District has met the guidelines for termination of fiscal watch; therefore, the fiscal watch status is hereby cancelled as of March 16, 2007.

It is understood that this report's determination is for the use of the School District's Board of Education, the Superintendent of Columbiana Exempted Village School District, the Director of Budget and Management, the State Superintendent of Public Instruction, and the Auditor of the State of Ohio, and others as designated by the Auditor of State, and is not to be used for any other purpose.

Disclaimer

Because the preceding procedures were not sufficient to constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any specific accounts or fund balances identified above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

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APPENDIX A

Columbiana Exempted Village School District
Columbiana County

Financial Forecast

For the Fiscal Years Ending
June 30, 2007 through June 30, 2011

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Mary Taylor, CPA
Auditor of State

Board of Education
Columbiana Exempt Village School District
700 Columbiana-Waterford Rd.
Columbiana, Ohio 44408

Independent Accountant’s Report

We have examined the accompanying forecasted statement of revenues, expenditures, and changes in fund balance of the General Fund of Columbiana Exempted Village School District for the fiscal years ending June 30, 2007 through 2011. The Columbiana Exempted Village School District’s management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying forecast is presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for managements forecast. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying statement of revenues, expenditures and changes in fund balance of the general fund of the Columbiana Exempted Village School District for the fiscal years ended June 30, 2004, 2005 and 2006 were compiled by us in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed this financial information, and, accordingly, do not express an opinion or any other form of assurance on them.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 7, 2007

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Columbiana Exempted Village School District, Columbiana County
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2004 Through 2006 Actual;
For the Fiscal Years Ending June 30, 2007 Through June 30, 2011 Forecasted
General Fund

	Fiscal Year 2004 Actual	Fiscal Year 2005 Actual	Fiscal Year 2006 Actual
Revenues			
General Property Tax	$2,157,000	$2,241,000	$2,513,000
Tangible Personal Property Tax	583,000	575,000	539,000
Income Tax	646,000	1,152,000	1,191,000
Unrestricted Grants-in-Aid	2,340,000	2,209,000	2,160,000
Restricted Grants-in-Aid	23,000	31,000	25,000
Property Tax Allocation	361,000	350,000	347,000
All Other Revenues	545,000	609,000	698,000
Total Revenues	6,655,000	7,167,000	7,473,000
Other Financing Sources			
Proceeds from the Sale of Notes	101,000	0	0
Advances In	2,000	0	0
Total Other Financing Sources	103,000	0	0
Total Revenues and Other Financing Sources	6,758,000	7,167,000	7,473,000
Expenditures			
Personal Services	4,182,000	3,821,000	3,782,000
Employees' Retirement/Insurance Benefits	1,707,000	1,665,000	1,406,000
Purchased Services	996,000	908,000	1,195,000
Supplies and Materials	124,000	131,000	176,000
Capital Outlay	105,000	25,000	46,000
Debt Service:			
Principal - Capital Leases	0	8,000	8,000
Interest	1,000	2,000	4,000
Other Objects	204,000	206,000	166,000
Total Expenditures	7,319,000	6,766,000	6,783,000
Other Financing Uses			
Transfers Out	0	32,000	0
Total Expenditures and Other Financing Uses	7,319,000	6,798,000	6,783,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(561,000)	369,000	690,000
Cash Balance July 1	811,000	250,000	619,000
Cash Balance June 30	250,000	619,000	1,309,000
Encumbrances and Reserves:			
Actual/Estimated Encumbrances June 30	21,000	14,000	20,000
Reserves for:			
Textbooks	0	0	0
Bus Purchases	32,000	28,000	19,000
Total Encumbrances and Reserves of Fund Balance	53,000	42,000	39,000
Unencumbered/Unreserved Fund Balance June 30	$197,000	$577,000	$1,270,000

See accompanying summary of significant forecast assumptions and accounting policies

Fiscal Year 2007 Forecasted	Fiscal Year 2008 Forecasted	Fiscal Year 2009 Forecasted	Fiscal Year 2010 Forecasted	Fiscal Year 2011 Forecasted
$2,751,000	$2,854,000	$2,982,000	$3,077,000	$3,227,000
344,000	246,000	127,000	19,000	9,000
1,321,000	1,354,000	1,388,000	1,422,000	1,458,000
2,151,000	2,160,000	2,052,000	2,003,000	2,007,000
22,000	18,000	18,000	18,000	18,000
471,000	580,000	684,000	775,000	786,000
846,000	685,000	700,000	716,000	733,000
7,906,000	7,897,000	7,951,000	8,030,000	8,238,000
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
7,906,000	7,897,000	7,951,000	8,030,000	8,238,000
4,033,000	4,188,000	4,315,000	4,503,000	4,664,000
1,327,000	1,442,000	1,558,000	1,676,000	1,805,000
1,472,000	1,464,000	1,496,000	1,541,000	1,561,000
201,000	192,000	194,000	236,000	199,000
137,000	56,000	196,000	76,000	86,000
9,000	9,000	9,000	10,000	10,000
3,000	3,000	3,000	2,000	2,000
205,000	192,000	197,000	201,000	206,000
7,387,000	7,546,000	7,968,000	8,245,000	8,533,000
0	0	0	0	0
7,387,000	7,546,000	7,968,000	8,245,000	8,533,000
519,000	351,000	(17,000)	(215,000)	(295,000)
1,309,000	1,828,000	2,179,000	2,162,000	1,947,000
1,828,000	2,179,000	2,162,000	1,947,000	1,652,000
20,000	20,000	20,000	20,000	20,000
40,000	114,000	192,000	243,000	339,000
13,000	7,000	0	0	0
73,000	141,000	212,000	263,000	359,000
$1,755,000	$2,038,000	$1,950,000	$1,684,000	$1,293,000

Note 1 – The School District

Columbiana Exempted Village School District (the "School District") is organized under Article VI, Section 2 of the Constitution of the State of Ohio. The School District operates under a locally-elected board consisting of five members elected at large for staggered four year terms.

The School District is located in Columbiana and Mahoning Counties and encompasses most of the Village of Columbiana and portions of Fairfield, Beaver and Springfield Townships. The legislative power of the School District is vested in the Board or Education. The School District is staffed by 34 classified and 69 certified full-time personnel who provide services to 931 students and other community members. The School District currently operates three instructional buildings and one bus garage.

Note 2 - Nature of the Forecast

This financial forecast presents, to the best of the Columbiana Exempted Village School District Board of Education's knowledge and belief, the expected revenues, expenditures and operating balance of the general fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of February 7, 2007, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

Note 3 - Nature of the Presentation

The forecast presents the revenues, expenditures, and changes in fund balance of the general fund. Under State law, certain general fund resources received from the State must be spent on specific programs. These resources and the related expenditures have been segregated in the accounting records of the School District to demonstrate compliance. State laws also require general fund resources pledged for the repayment of debt to be recorded directly in the debt service fund. For presentation in the forecast, the poverty based assistance fund, disadvantaged pupil impact aid (DPIA) fund and general fund supported debt are included in the general fund.

Note 4 - Summary of Significant Accounting Policies

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements and encumbrances, which is consistent with the budget basis (non-GAAP) of accounting used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

B. Fund Accounting

The School District maintains its accounting system in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Funds

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 disbursed or transferred in accordance with Ohio law.

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

Debt Service Fund - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest.

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

Permanent Funds – Permanent funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the School District or its students.

Proprietary Funds

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Internal Service Funds – Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations or other government units. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Budget – A budget of estimated cash receipts and disbursements is submitted to the Columbiana County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the succeeding fiscal year.

Estimated Resources - The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding fiscal year. Prior to June 30, the School District must revise its budgetary information so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation resolution.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire fiscal year. The appropriation measure may be amended or supplemented during the fiscal year as new information becomes available.

Encumbrances - The School District uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

Note 5 - General Operating Assumptions

The Columbiana Exempted Village School District will continue to operate its instructional programs in accordance with its adopted school calendar and pay all obligations. The forecast contains those expenditures the Board of Education has determined to be necessary to provide for an adequate educational program.

Note 6 – Significant Assumptions for Revenues and Other Financing Sources

A. – General and Tangible Personal Property Taxes

Property taxes are applied to real property, public utility real and personal property, manufactured homes and tangible personal property used in business which is located within the School District. Property taxes are collected for, and distributed to, the School District by the county auditor and treasurer. Settlement dates, on which collections are distributed to the School District, are established by State statute. The School District may request advances from the Columbiana and Mahoning County Auditors as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenue.

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. Property tax revenue received during calendar year 2006 (the collection year) for real and public utility property taxes represents collections of 2005 taxes (the tax year). Property tax payments received during calendar year 2006 for tangible personal property (other than public utility property) are for calendar year 2006 taxes. First half calendar year tax collections are received by the School District in the second half of the fiscal year. Second half calendar year tax distributions occur in the first half of the following fiscal year.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for real estate taxes. The State reimburses the School District for all revenues lost due to these exemptions. The amount of the reimbursement is presented in the account "Property Tax Allocation". Beginning in tax year 2005, collection year 2006, the State of Ohio eliminated the ten percent rollback on commercial and industrial property. The change increased real property taxes collected against commercial and industrial real property and decreased property tax allocation revenue.

The forecast excludes the receipt of any advances in June against the next fiscal year's scheduled property tax settlements. The potential advances have been excluded due to the School District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. Currently, it is the Board's intent not to request any such advances for fiscal years 2007 through 2011.

The School District has allocated all of its inside millage to the debt service and permanent improvement funds for the payment of bonds and the purchase and construction of permanent improvements. This has limited the general fund operating levies to those voter approved continuing levies from 1976, 1977, and 1980.

The levies being collected for the General Fund, the year approved, the last year of collection, and the full tax rate are as follows:

Tax Levies	Year Approved	First Calendar Year Of Collection	Last Calendar Year Of Collection	Full Tax Rate (Per $1,000 of assessed valuation)
Continuing Operating	1976	n/a	n/a	16.90
Continuing Operating	1977	n/a	n/a	5.00
Continuing Operating	1980	n/a	n/a	7.00
Total Tax Rate				$28.90

The School District has a separate voted levy for the payment of library bonds in the amount of $1.03 per $1,000 of assessed valuation. The School District has allocated inside millage in the amount of $1.00 per $1,000 of assessed valuation to the debt service fund and $3.60 per $1,000 of assessed valuation to the permanent improvement fund. These levies total $5.63 per $1,000 of assessed valuation. The School District's total property tax rate is $34.53 per $1,000 of assessed valuation.

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to voted levies so that each levy yields the same amount of real property tax revenues on carryover property as in the prior year. For all voted levies except emergency and debt levies, increases in revenues are restricted to amounts generated from new construction. Emergency and debt levies are intended to generate a set revenue amount annually. The revenue generated by emergency and debt levies is not affected by changes in real property valuation.

The reduction factors are computed annually and applied separately for residential/agricultural real property and commercial/industrial real property. Reduction factors are not applied to inside millage (an unvoted levy) nor to tangible personal or public utility personal property levy rates. State law also prohibits the reduction factors from reducing the effective millage of the sum of the general fund current operating levies (excluding emergency levies) plus inside millage used for operating purposes below 20 mills. For the General Fund, the effective residential and agricultural real property tax rate and the effective commercial and industrial real property tax rate are both $20.00 per $1,000 of assessed valuation for collection year 2007. Because the School District's general fund millage is at the 20 mill floor, the general fund property tax revenues from real estate will increase as real property valuations increase due to the reappraisal of real property.

Public utility real and personal property taxes are collected and settled by the county with real estate taxes and are recorded as general property taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, HB 66 will switch telephone companies from being public utilities to general business taxpayers and phase out the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies. The State of Ohio will reimburse the School District for the loss of tangible personal property taxes as a result of these changes within certain limitations (see Property Tax Allocation Revenue below).

<u>General Property Tax</u> - The general property tax revenue is based on estimated assessed valuations and tax rates. The School District anticipates an increase in real estate taxes each year because of new construction and the triennial updates in Columbiana and Mahoning Counties in tax year 2007 and 2008, respectively and a sexennial reappraisal for Columbiana County in 2010. The increases from the triennial updates and the reappraisal will occur in the following calendar year as the taxes are collected and will be reflected in the two fiscal years encompassing the collection year.

<u>Tangible Personal Property Tax</u> – Tangible personal property tax is levied on machinery and equipment, furniture and fixtures, and inventory of businesses. Effective for tax years 2005 and 2006, the assessment rate on business inventory, currently at 23 percent, was to be reduced by two percent if the total statewide collections of personal property taxes for the second preceding year exceed the total statewide collections of property taxes for the third preceding year. Effective for tax years 2007 and beyond, the assessment rate for inventory was to be reduced by two percent per year until it is completely phased out regardless of the growth in collections.

Beginning in calendar year 2006, HB 66 will phase out by 25 percent each year tangible personal property tax on most business inventory, manufacturing machinery and equipment, and furniture and fixtures. This change supersedes the changes and phase out periods addressed above. No tangible personal property taxes will be levied or collected in calendar year 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010). Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will not be subject to any tangible personal property tax. The School District, based on the last year of collection before the phase out period, will lose approximately $450,000 per year when the tangible personal property tax is completely phased out in 2009. The State of Ohio will reimburse the School District for the loss of tangible personal property taxes as a result of the changes in HB 66 within certain limitations (see Property Tax Allocation below).

B. – Income Tax

On November 5, 2002, the voters approved a one percent income tax that became effective on January 1, 2003. The tax is levied on the income of residents of the Columbiana Exempted Village School District. The forecast amount of $1,321,000 for fiscal year 2007 is based on what the School District has received to date plus an estimate of the April 2007 payment. For fiscal years 2008 through 2011, the School District estimates that the collections will increase two and one-half percent per year.

C. – Unrestricted Grants-in-Aid

Unrestricted Grants-in-Aid include State Foundation payments. State Foundation payments include formula aid and various categorical aid programs such as gifted education, career and technical education, and transportation. Other programs such as parity aid, excess cost supplement, and charge-off supplement which are provided to address certain policy issues or correct flaws in formula aid are also included in this revenue.

The State's foundation program is established by Chapter 3317 of the Ohio Revised Code. The semi-monthly payments are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM) times a per pupil foundation level (adjusted for a regional cost of doing business factor set by the State legislature) less the equivalent of 23 mills times the school district's taxable property valuation. The regional cost of doing business factor is being phased out over a three-year period ending with fiscal year 2008. The per pupil foundation level is set by the State Legislature. Historically, the per pupil amount has increased 2.2 percent since 2004 and 2.8 percent in fiscal years prior to fiscal year 2004. The School District anticipates a 2.2 percent increase in the per pupil amount in each year of the forecast. The per pupil amount for fiscal years 2004 to 2007 is as follows:

Fiscal Year	Per Pupil Foundation level
2004	$5,058
2005	5,169
2006	5,283
2007	5,403

The anticipated unrestricted grants-in-aid for fiscal year 2007 is based on current estimates available from the Ohio Department of Education. The most recent estimates reported on the January school foundation statement for fiscal year 2007 and the amounts forecasted for the next four fiscal years are as follows:

	Forecasted				
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Formula Aid	$1,509,000	$1,574,000	$1,578,000	$1,581,000	$1,585,000
Transitional Guarantee	220,000	164,000	52,000	0	0
Parity	29,000	29,000	29,000	29,000	29,000
Categorical Funding	184,000	184,000	184,000	184,000	184,000
Transportation	170,000	170,000	170,000	170,000	170,000
Gifted Aid	39,000	39,000	39,000	39,000	39,000
Total Unrestricted Grants-in Aid	$2,151,000	$2,160,000	$2,052,000	$2,003,000	$2,007,000

Formula Aid is anticipated to increase from the prior fiscal year due to an increase in ADM of 2 and an increase in the base cost per pupil funding offset by the reduction of the cost of doing business factors. While ADM has decreased in the prior years, the School District anticipates ADM to increase by 2 for fiscal year 2007 through 2011 because of the improved financial condition of the School District. The add-on building blocks add $40 per pupil in fiscal year 2006 and $48 per pupil in fiscal year 2007. The School District anticipates the building blocks to continue at their present rate through 2011. The cost of doing business factor was reduced by one-third in fiscal year 2006 and will be reduced by another one-third for fiscal years 2007 and 2008.

The School District receives a transitional aid guarantee to ease the impact of the many changes made in the basic aid formula in fiscal year 2006. This revenue source will decrease all three fiscal years until it is eliminated in 2010.

Categorical funding for fiscal year 2007 increased due to an increase in the number of special education students and is projected to remain at fiscal year 2007 levels for the remainder of the forecast.

D. – Restricted Grants-in-Aid

Restricted grants-in-aid consist of a bus purchase allowance, career tech monies and Poverty Based Assistance/DPIA monies. For fiscal year 2007, the School District anticipates $3,000 in bus purchase allowance, $3,000 in career tech monies, $4,000 in special education category reimbursement and $12,000 in Poverty Based Assistance. For fiscal years 2008 through 2011, the School District anticipates no revenue from the special education category reimbursement, which reduces restricted grants-in-aid to $18,000 for the remaining forecast period.

E. – Property Tax Allocation

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the rollback and homestead tax relief programs. Beginning in 2006, the State eliminated the ten percent rollback credit on commercial and industrial real property and the reimbursement to local governments.

The State exempts the first $10,000 in taxable value of tangible personal property from taxation. The State reimburses the School District for the lost revenue. Beginning with tax year 2004, the State was phasing out the reimbursement by 10 percent each year. Under HB 66, the phase-out period has been accelerated. The last reimbursement for this exemption will be in October 2008.

Beginning in tax year 2001, there were significant reductions in the valuation of certain types of public utility property. Two bills enacted by the 123rd General Assembly reduced the assessment rate for certain tangible personal property of electric utilities and all tangible personal property of gas utilities. To replace this money, new state consumption taxes have been enacted, a kilowatt-hour tax on electricity and a thousand cubic foot tax on natural gas. Money from these new taxes is used to reimburse school districts for the loss of public utility property tax revenue. Reimbursements are made twice a year in February and August. For the entire forecast period, the School District anticipates $34,000 in public utility reimbursements based on information provided by the Ohio Department of Taxation.

Beginning in fiscal year 2006, the State will reimburse the School District for lost revenue due to the phase out of tangible personal property tax. In the first five years, the School District will be fully reimbursed relative to prior law for revenue lost due to the taxable value reductions prescribed by HB 66. Over the next seven years, the reimbursements are phased out. The reimbursement will be for the difference between the assessed values under prior law and the assessed values under HB 66. This means the School District is only reimbursed for the difference between the amounts that would have been received under the prior law and the amounts actually received as the phase-outs in HB 66 are implemented. The reimbursement is forecasted to increase over fiscal years 2008 through 2010 and show a slight decrease in the final fiscal year of the forecast period as the tax is phased out and the reimbursement begins to be phased out.

Property tax allocation revenues consist of the following:

	Forecasted				
Revenue Sources	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Homestead and Rollback	$270,000	$286,000	$305,000	$317,000	$334,000
Tangible Personal Property Exemption	26,000	21,000	11,000	0	0
Utility Deregulation	34,000	34,000	34,000	34,000	34,000
Tangible Personal Property Loss Reimbursement	141,000	239,000	334,000	424,000	418,000
Totals	$471,000	$580,000	$684,000	$775,000	$786,000

F. – All Other Revenues

All other revenues include open enrollment, tuition, transportation, interest on investments, student fees, rent, general self-insurance benefits, and other receipts.

The School District receives open enrollment revenue from other school districts whose students attend the Columbiana Exempted Village School District's regular programs. In fiscal year 2007, there was a large increase in open enrollment due to families leaving but still sending their children to the School. Sixteen of the students are seniors and will be graduating. The graduation of the sixteen students will cause the open enrollment to drop in fiscal year 2008. For fiscal years 2008 through 2011, open enrollment tuition is anticipated to increase due to an increase in the per pupil foundation rate used to calculate open enrollment tuition and the number of students.

Tuition is expected to remain consistent with fiscal year 2006 during the forecast period. The School District receives tuition revenue from other school districts whose students have been placed with a court appointed guardian residing in the Columbiana Exempted Village School District.

Interest is based on historical investment practices and anticipated rates and cash balances during the forecast period. The School District pools cash from all funds for investment purposes. Investments are restricted by provisions of the Ohio Revised Code and are valued at cost. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings with the greatest allocation being to the general fund.

The School District receives student fees for the cost of workbooks distributed to students at the beginning of the school year. The School District expects student fees to remain consistent during the forecast period.

All other revenues consist of the following:

	Forecast				
Revenue Sources	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Open Enrollment Tuition	$654,000	$506,000	$521,000	$537,000	$554,000
Tuition	20,000	20,000	20,000	20,000	20,000
Receipts for Bus Costs/Field Trips	11,000	11,000	11,000	11,000	11,000
Interest	123,000	112,000	112,000	112,000	112,000
Student Fees	25,000	25,000	25,000	25,000	25,000
Rentals	8,000	8,000	8,000	8,000	8,000
Other	5,000	3,000	3,000	3,000	3,000
Totals	$846,000	$685,000	$700,000	$716,000	$733,000

G. - Other Financing Sources

Proceeds of notes represent receipt from the issuance of tax anticipation notes for short-term cash flow borrowing. No tax anticipation note proceeds are anticipated during the forecast period.

Note 7 - Significant Assumptions for Expenditures and Other Financing Uses

A. - Personal Services

Personal services expenditures represent the salaries and wages paid to certified, classified and administrative staff, substitutes, tutors and board members. In addition to regular salaries, it includes payment for supplemental contracts, severance, insurance opt out and overtime. All employees receive their compensation on a bi-weekly basis. Administrative and non-bargaining unit salaries are set by the Board of Education. Staffing levels in the general fund decreased from 111 in fiscal year 2004 to 96 in fiscal year 2005. However, the general fund staffing level increased to 97 in fiscal year 2006 and to 103 in fiscal year 2007. The Treasurer anticipates two additional employees in fiscal year 2008 and one additional employee in each of the remaining forecast years.

Certified (teaching) staff salaries are based on a negotiated contract which includes base and step increases and educational incentives. The contract covers the period July 1, 2005 to June 30, 2008, and allows for 4.2, 3.5, and 1.5 percent increases in the base salary in fiscal years 2006, 2007 and 2008, respectively, as well as step increases from 0 to 2.3 percent depending on years of experience in each year of the contract. The contract for classified staff covers the same period and also allows for a thirty-five cent increase in fiscal year 2007 and a fifteen cent increase in fiscal year 2008, with an additional ten cents in longevity pay each year for all classified employees.

The School District has assumed annual increases similar to the current negotiated agreements for the fiscal years of the forecast not covered by the contracts. These agreements are subject to negotiations and approval by the Board of Education. The likelihood of achieving similar base increases for fiscal years 2009 to 2011 is unknown and the realization of the forecast is particularly sensitive to any increase in the base salaries. The forecast includes an increase of two and one-half percent in the base salaries for certified and thirty-five cent increases along with ten cents in longevity per fiscal year in classified wages for fiscal years 2009 to 2011. For each additional one percent increase in certified salaries, the forecasted expenditure for salaries would increase by approximately $36,000 per fiscal year.

The forecasted increase in certified and classified salaries over the next five fiscal years is due to the base and step increases. The School District expects teachers who have reached thirty-five years of service to retire and to be replaced by an entry level salary teacher each fiscal year. This replacement will help to offset the increase in salaries due to base and step increases.

The School District offers severance pay upon retirement to its certified and classified employees who depart with at least five years of service with the School District. Severance payments to certified and classified employees equal twenty-five percent of their unused sick leave up to a maximum accrual of 30 days. At ten years of continuous employment with the School District and twenty-six to twenty seven years in the STRS/SERS systems, the maximum accrual of days increases to 55; twenty-eight to twenty-nine years in the STRS/SERS systems, the maximum accrual of days increases to 65; and, thirty years plus in the STRS/SERS systems, the maximum accrual of days increases to 70. An employee who qualifies for severance and gives at least four months of notice to the Board before the retirement date, will receive an extra 15 days of severance pay.

For fiscal year 2007, a component of the severance is an early retirement incentive (ERI) which the School District offered to employees with at least fifteen years of service with the School District. One eligible teacher took advantage of the offer and received a one-time lump sum payment of $20,000 which has elevated severance costs for fiscal year 2007. The School District does not anticipate offering an ERI in the remaining forecast period. Severance costs are anticipated to remain relatively consistent over the remaining forecast period.

Presented below is a comparison of salaries and wages for fiscal years 2007 through 2011.

	Forecasted				
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Certified Salaries	$3,171,000	$3,332,000	$3,434,000	$3,597,000	$3,731,000
Classified Salaries	544,000	549,000	570,000	590,000	611,000
Substitute Salaries	90,000	90,000	90,000	90,000	90,000
Supplemental Contracts	153,000	156,000	159,000	163,000	167,000
Severance Pay	65,000	51,000	52,000	53,000	55,000
Other Salaries and Wages	10,000	10,000	10,000	10,000	10,000
Totals	$4,033,000	$4,188,000	$4,315,000	$4,503,000	$4,664,000

B. – Employees' Retirement/Insurance Benefits

Employees' retirement and insurance benefits include employer contributions to the State pension systems, health care, medicare, workers' compensation, and other benefits arising from the negotiated agreements.

Retirement costs are based on the employer's contribution rate of 14 percent of salaries for STRS and SERS. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from a variance in estimates are prorated over the next calendar year. Retirement costs are forecasted to increase based on the increase in forecasted salaries over the next five fiscal years. The School District pays the full amount of employee's retirement contribution of the superintendent and the treasurer and half of the employee's retirement contribution for the principals.

Health care costs are based on rates issued by the Portage Area Schools insurance consortium, a public entity risk sharing pool. All funds are charged for the number of employees participating in the program and the type (single or family) of coverage provided to each employee. The health care program includes medical/surgical, prescription drug, dental care and vision. Employees of the School District are required to pay a portion of their health care costs based upon the plan in which they are enrolled. Employees who elect family coverage will pay $95 per month and employees electing single coverage will have to pay $47.50 per month. In fiscal year 2007, health care costs are expected to decrease due to fourteen employees switching from family to single. This was the result of the School District adding a "spousal coverage" policy, which charges the employee an additional $50.00 if the employee's spouse has health care coverage from their employer, and they elect to be covered under the School District's plan. In fiscal year 2008, the District anticipates two additional employees and an average increase of ten percent in health care rates for an overall increase of $99,000. For fiscal years 2009 through 2011, the School District believes there will be one additional employee added each fiscal year and a constant ten percent increase in rates in each fiscal year.

Workers' compensation is based on the School District's assigned rate and the amount of wages paid in a calendar year. Premiums are paid in the following calendar year. The School District may choose to pay the entire premium in May or 45 percent in May and 55 percent in September. The School District anticipates paying the entire premium in May as in prior years. The premium for calendar year 2006, due in May 2007, increased to $.84 per hundred dollars of payroll from $.69 per hundred dollars of payroll for 2006. In fiscal year 2005, an employee of the School District was injured on the job which resulted in a lost time claim. This has increased the School District's liability and will do so for the entire forecast period since this is now part of the history that goes into the calculation.

Medicare benefits are based on the employers' rate or 1.45 percent of the payroll costs for contributing staff and are anticipated to increase by two and one-half percent per year for the forecast period.

Presented below is a comparison of employees' retirement and insurance for the fiscal years 2007 through 2011:

	Forecasted				
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Employer's Retirement	$581,000	$601,000	$617,000	$639,000	$664,000
Health Insurance	686,000	780,000	879,000	974,000	1,077,000
Workers' Compensation	23,000	23,000	23,000	23,000	23,000
Medicare	36,000	37,000	38,000	39,000	40,000
Unemployment	1,000	1,000	1,000	1,000	1,000
Totals	$1,327,000	$1,442,000	$1,558,000	$1,676,000	$1,805,000

C. – Purchased Services

Presented below is a comparison of purchased service expenditures for fiscal years 2007 through 2011.

	Forecast				
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Professional and Technical Services	$59,000	$61,000	$63,000	$79,000	$68,000
Property Services	107,000	108,000	111,000	112,000	113,000
Travel and Meetings Expenses	24,000	24,000	25,000	25,000	25,000
Communications Costs	26,000	28,000	28,000	28,000	28,000
Utility Services	274,000	288,000	303,000	320,000	339,000
Contracted Services	7,000	7,000	7,000	7,000	7,000
Tuition and Other Similar Payments	872,000	845,000	856,000	867,000	878,000
Pupil Transportation	6,000	6,000	6,000	6,000	6,000
Other Purchased Services	97,000	97,000	97,000	97,000	97,000
Totals	$1,472,000	$1,464,000	$1,496,000	$1,541,000	$1,561,000

Purchased service costs, in fiscal year 2007, were elevated due to an increase in tuition and other similar payments. Property service is anticipated to increase each fiscal year due to a forecasted increase in garbage removal and insurance costs. Utility services are expecting an increase each fiscal year due to anticipated rate increases and from the rising costs of fuel. Tuition payments are anticipated to increase during fiscal year 2007 due to an increase in open enrollment tuition. This increase is due to several families within the School District moving. During fiscal year 2008, open enrollment is anticipated to return to an amount marginally above the level it was during fiscal year 2006 with a three percent increase each fiscal year after that due to expected increases in pupil funding.

D. – Supplies and Materials

Presented below is a comparison of purchased service expenditures for fiscal years 2007 through 2011.

	Forecast				
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
General Supplies	$104,000	$104,000	$104,000	$104,000	$104,000
Textbooks	13,000	2,000	2,000	42,000	2,000
Library Books	2,000	2,000	2,000	2,000	2,000
Newspaper, Periodicals, Films and Filmstrips	3,000	3,000	3,000	3,000	3,000
Food and Related Supplies and Materials	1,000	1,000	1,000	1,000	1,000
Supplies and Materials for Operation, Maintenance and Repair	21,000	21,000	21,000	21,000	21,000
Supplies and Materials for Operation Maintenance and Repair for Motor Vehicles	57,000	59,000	61,000	63,000	66,000
Totals	$201,000	$192,000	$194,000	$236,000	$199,000

Supplies and materials are forecast to increase during fiscal year 2007 due to the School District needing to replenish supplies not purchased in prior fiscal years due to the School District cutting costs. Fiscal year 2008 is decreasing due to the School District returning to normal spending levels. Fiscal year 2010 is reflecting an increase due to the School District anticipating purchasing new textbooks.

E. – Capital Outlay

The acquisition of property, plant and equipment acquired or used for instructional and support services is recorded as capital outlay. Capital outlay expenditures for fiscal year 2007 are forecasted to increase by $91,000 due to renovations at both the bus garage and at one of the School District's buildings as well as new equipment purchases. In fiscal year 2009, the School District anticipates the purchase of two new buses. Capital outlay expenditures for fiscal years 2008, 2010 and 2011 are lower than the other forecasted fiscal years because no building renovations or bus purchases are anticipated.

F. – Debt Service

General fund supported debt consists of a bus lease, issued on June 1, 2004 in the amount of $103,000 and maturing December 1, 2014, with an interest rate of 3.85 percent.

Principal and interest payments for the debt are as follows:

Fiscal	Bus Lease	
Year	Principal	Interest
2007	$9,000	$3,333
2008	9,000	3,036
2009	9,000	2,717
2010	10,000	2,384
2011	10,000	2,007
2012-2015	43,000	3,675
Total	$90,000	$17,152

G. – Other Objects

Other object expenditures consist of dues and fees and insurance. These expenditures are forecasted to increase by $39,000 during fiscal year 2007 due to the School District having a two year audit. Fiscal years 2008 through 2011 are expected to increase two percent per year based on the fiscal year 2006 amount.

H. Operating Transfers and Advances

In fiscal year 2005, the general fund made transfers of $24,000, $7,000 and $1,000 to the athletics, student activities and food service funds, respectively, to help cover operating costs. These transfers were not common and no further transfers or advances are anticipated for the forecast period.

Note 8 - Encumbrances

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced and are waiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of an expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio Law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance.

Encumbrances for purchased services, supplies and materials, capital outlay and other objects for fiscal year ended June 30, 2006 were $20,000. For fiscal years 2007 through 2011, the School District anticipates encumbrances staying consistent with fiscal year 2006 at $20,000.

Note 9 - Reservations of Fund Balance

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

A. - Textbooks and Instructional Materials Set-Aside

The set aside requirement for fiscal year 2007 is $151,000. There was a carryover of $18,000 in excess qualified expenditures from fiscal year 2006. The School District anticipates $93,000 in qualifying expenditures during the current fiscal year leaving a reserve balance of $40,000. The School District's set aside requirement is anticipated to increase by 3 percent for fiscal years 2008 through 2011. In fiscal year 2010, the School District anticipates purchasing a new series of textbooks for approximately $42,000. However, even with the purchase of the new series, the School District does not anticipate the qualified expenditures to cover the reserve requirement; therefore, the School District anticipates having a reserve balance ranging from $40,000 to $339,000 during the forecast period.

B. – Capital and Maintenance Set-Aside

The set aside requirement for fiscal year 2007 is $151,000. The School District had no carryover balance at the end of fiscal year 2006 and does not anticipate a reserve for the capital and maintenance set aside. For fiscal years 2007 through 2011, the School District anticipates that qualified expenditures and the offset from the permanent improvement inside millage will exceed the annual set aside requirement.

C. – Bus Purchases

At June 30, 2006, the School District had $19,000 in unspent bus monies. The School District received $3,000 in a bus purchase allowance during fiscal year 2007. The School District anticipates school bus expenditures during fiscal years 2007 and 2008 of $9,000. A reserve amount of $13,000 is forecasted for bus purchases in fiscal year 2007 and a reserve amount of $7,000 is forecasted for fiscal year 2008. The School District anticipates purchasing two new school buses during fiscal year 2009 for $130,000. For fiscal years 2009 through 2011, the School District expects qualified expenditures to exceed the bus purchase allowance.

D. – Poverty Based Assistance/Disadvantaged Pupil Impact Aid (DPIA)

At June 30, 2006, the School District had no unspent DPIA monies. For fiscal year 2007 through fiscal year 2011, the School District anticipates receiving $12,000 in restricted Poverty Based Assistance monies, the DPIA replacement program, and having $12,000 in Poverty Based Assistance expenditures. Therefore, no reserve for Poverty Based Assistance is forecasted for fiscal year 2007 through 2011.

Note 10 - Levies

In the past ten years, the School District has placed several levies on the ballot. The type of levy, millage amount, term and election results are as follows:

Date	Type	Amount	Term	Election Results
May 1995	Emergency	$605,000	5 Years	Failed
November 1995	Emergency	$410,000	5 Years	Failed
November 1996	Bond Issue	$7,600,000	25 Year Bond	Failed
May 1997	Bond Issue	$7,600,000	25 Year Bond	Failed
November 1997	Permanent Improvement (Renewal)	1.6 mills	5 Years	Passed
May 1998	Emergency (Renewal)	$875,000	5 Years	Passed
May 2001	Library	$1,000,000	10 Years	Passed
February 2002	Permanent Improvement	1.6 mills	5 Years	Failed
May 2002	Permanent Improvement	1.6 mills	5 Years	Failed
August 2002	Permanent Improvement	1.6 mills	5 Years	Failed
November 2002	Income Tax	1.00%	Continuing	Passed

Note 11 - Pending Litigation

The School District's management is of the opinion that there are no issues that would have a material effect on the financial forecast.

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Mary Taylor, CPA
Auditor of State

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
MARCH 16, 2007

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