



Dave Yost • Auditor of State



**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Columbiana Exempted Village School District  
Columbiana County  
700 Columbiana-Waterford Road  
Columbiana, Ohio 44408

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Columbiana Exempted Village School District, Columbiana County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Columbiana Exempted Village School District, Columbiana County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basis financial statements, the District implemented Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

November 21, 2011

## **Columbiana Exempted Village School District**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2011*

*Unaudited*

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The discussion and analysis of Columbiana Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2011 are as follows:

- ❖ The School District is committed to meeting the academic needs of our students by providing them with updated instructional materials to compete in a global environment. During fiscal year 2011, the School District continued using Balanced Literacy and Investigations Math programs.
- ❖ The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District. Expenses increased during fiscal year 2011 mainly due to contracted pay increases.
- ❖ The School District has committed to make improvements to the elementary school using dollars available for capital improvements. The addition of 4 classrooms and a gymnasium along with renovations of the buildings has begun in September of 2010. Completion is scheduled for August 2011.
- ❖ Technology is integrated into the curriculum at all grade levels. The School District is committed to a learning community where technology will:
  - Enhance student learning and independence,
  - Facilitate learning in an environment where students are active participants,
  - Improve the administration of the School District,
  - Be utilized by the professional staff effectively,
  - Be utilized across the curriculum, and
  - Enable students to appreciate the role of technology beyond the school environment.

### **Using this Annual Financial Report**

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

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Columbiana Exempted Village School District, the general and the permanent improvement funds are by far the most significant funds.

## Columbiana Exempted Village School District

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2011*

*Unaudited*

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### Reporting the School District as a Whole

#### *Statement of Net Assets and the Statement of Activities*

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2011?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include all *assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the readers that, for the School District as a whole, the financial *position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the *Statement of Net Assets* and the *Statement of Activities*, all of the School District's programs and services are reported as governmental activities including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food service operations.

The School District's statement of net assets and statement of activities can be found on pages 12-13 of this report.

### Reporting the School District's Most Significant Funds

#### *Fund Financial Statements*

The analysis of the School District's major funds begins on page 9. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and permanent improvement fund.

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

***Proprietary Funds*** The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for unanticipated run-off claims. The basic proprietary fund financial statements can be found on pages 19-21 of this report.



## Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

**Fiduciary Funds** The School District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 22. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

### The School District as a Whole

You may recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2011 compared to 2010:

**Table 1**  
**Net Assets**

	2011	2010	Change
<b>Assets:</b>			
Current and Other Assets	\$11,897,746	\$9,156,473	\$2,741,273
Capital Assets, Net	11,384,171	7,792,221	3,591,950
<i>Total Assets</i>	<u>23,281,917</u>	<u>16,948,694</u>	<u>6,333,223</u>
<b>Liabilities:</b>			
Current and Other Liabilities	5,835,848	5,869,817	33,969
Long-term Liabilities			
Due within One Year	327,663	743,329	415,666
Due in More than One Year	15,156,564	8,282,310	(6,874,254)
<i>Total Liabilities</i>	<u>21,320,075</u>	<u>14,895,456</u>	<u>(6,424,619)</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	1,381,305	913,028	468,277
Restricted:			
Capital Projects	0	507,381	(507,381)
Other Purposes	142,434	132,551	9,883
Unrestricted	438,103	500,278	(62,175)
<i>Total Net Assets</i>	<u>\$1,961,842</u>	<u>\$2,053,238</u>	<u>(\$91,396)</u>

By comparing assets and liabilities, one can see the overall financial position of the School District has decreased as evidenced by the decrease in net assets. Cash and cash equivalents increased due to the School District having proceeds of debt still to be spent on construction projects. The increase in capital assets was due to improvements to classrooms, the gymnasium and a new roof being offset by an additional year of depreciation. Liabilities increased from the issuance of certificates of participation and qualified school construction bonds for School District wide improvements. Management is ever cognizant of the costs of providing a quality education.

Table 2 shows the change in net assets for fiscal year 2011. A comparative analysis of government-wide data is presented.

## Columbiana Exempted Village School District

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2011*

*Unaudited*

**Table 2**  
**Change in Net Assets**

	2011	2010	Change
<b>Revenues</b>			
<i>Program Revenues</i>			
Charges for Services and Sales	\$1,541,997	\$1,828,035	(\$286,038)
Operating Grants and Contributions	1,039,344	1,022,942	16,402
Capital Grants and Contributions	274,833	164,120	110,713
<i>Total Program Revenues</i>	<u>2,856,174</u>	<u>3,015,097</u>	<u>(158,923)</u>
<i>General Revenues</i>			
Property Taxes	3,977,483	3,957,312	20,171
Municipal Income Taxes	1,534,889	1,343,827	191,062
Grants and Entitlements	3,287,546	3,019,516	268,030
Investment Earnings	63,712	98,302	(34,590)
Termination Payment	0	107,500	(107,500)
Miscellaneous	0	102,711	(102,711)
<i>Total General Revenues</i>	<u>8,863,630</u>	<u>8,629,168</u>	<u>234,462</u>
<b>Total Revenues</b>	<u>11,719,804</u>	<u>11,644,265</u>	<u>75,539</u>
<b>Program Expenses</b>			
Instruction	7,153,583	7,846,893	693,310
Support Services:			
Pupil and Instructional Staff	728,582	546,754	(181,828)
Board of Education, Administration and Fiscal	1,189,955	1,203,380	13,425
Operation and Maintenance of Plant	746,716	837,623	90,907
Pupil Transportation	386,760	327,840	(58,920)
Central	31,394	0	31,394
Food Service Operations	353,577	332,670	(20,907)
Extracurricular Activities	424,272	391,778	(32,494)
Interest and Fiscal Charges	796,361	289,543	(506,818)
<b>Total Program Expenses</b>	<u>11,811,200</u>	<u>11,776,481</u>	<u>28,069</u>
Decrease in Net Assets	(91,396)	(132,216)	40,820
<i>Net Assets Beginning of Year</i>	<u>2,053,238</u>	<u>2,185,454</u>	<u>(132,216)</u>
<i>Net Assets End of Year</i>	<u>\$1,961,842</u>	<u>\$2,053,238</u>	<u>(\$91,396)</u>

The School District is at the 20 mill floor for property taxes so it realizes growth in tax revenue after each reappraisal during normal economic times. However, indications are, due to current economic conditions, growth will be minimal for the next several years. Also, as new homes are built, the School District will realize growth in both property tax revenue and School District income tax revenue. There are several areas located within the School District that have been approved for residential development. The largest is the Links at Firestone which includes plans for approximately 575 units to be built including homes, villas and condos. The prices of single family homes range from the high \$200,000s to the \$500,000s and villas start in the low \$200,000s. To date, approximately 175 units have been built. Another large development, Old Saybrook, includes plans for approximately 275 units including primarily single family homes and some triplex townhomes. Approximately 50 units have been built to date. The Terra Verde development has included construction of six new homes in the last few years and another 20 lots are available. Property and income taxes increased for fiscal year 2011 due to the aforementioned residential developments and the gradually improving local economy.

## **Columbiana Exempted Village School District**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2011*

*Unaudited*

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The School District is a member of the Portage Area School Consortium. The Consortium is a shared risk pool created pursuant to State statute for the purpose of maximizing benefits and/or reducing costs of health care benefits. To date the Consortium has been an overwhelming success as the School District saw only a 3.8 percent increase in premiums for 2011.

The School District actively seeks grants provided by various foundations to promote academic achievement for students. In fiscal year 2009, the School District was awarded a \$100,000 Seniors to Sophomores Grant and in fiscal years 2010 and 2011, the School District continued to fund this initiative. Senior to Sophomores is a dual enrollment program enabling academically-qualified high school seniors to earn both high school and college credit concurrently. Participating students enroll in college classes on a University System of Ohio campus and have the opportunity to earn a year's worth of college credit while finishing high school.

The School District has been able to monitor food service operation expenses to alleviate the need to raise lunch prices. Continuing in fiscal year 2011, parents have the opportunity to pay for the student's lunch online. Each student uses his/her personal identification number, that accesses his/her account, when visiting the cafeteria.

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. The School District's revenue growth is mostly dependent upon property tax increases resulting from new construction. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of the government relies on general revenues for financing or is a net contributor of resources to the School District. The community, as a whole, is by far the primary support for Columbiana Exempted Village School District students.

## Columbiana Exempted Village School District

### Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

**Table 3**  
**Cost of Services**

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Instruction	\$7,153,583	(\$5,299,105)	\$7,846,893	(\$6,080,327)
Support Services:				
Pupil and Instructional Staff	728,582	(573,165)	546,754	(460,670)
Board of Education, Administration and Fiscal	1,189,955	(1,020,986)	1,203,380	(936,450)
Operation and Maintenance of Plant	746,716	(650,939)	837,623	(719,777)
Pupil Transportation	386,760	(350,551)	327,840	(119,168)
Central	31,394	(7,728)	0	0
Food Service Operations	353,577	(5,049)	332,670	18,337
Extracurricular Activities	424,272	(251,142)	391,778	(173,786)
Interest and Fiscal Charges	796,361	(796,361)	289,543	(289,543)
<i>Total</i>	<u>\$11,811,200</u>	<u>(\$8,955,026)</u>	<u>\$11,776,481</u>	<u>(\$8,761,384)</u>

### The School District's Funds

These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,738,690 and expenditures of \$16,321,343. Overall expenditures decreased in the general fund of the School District due to the District replacing higher paid teachers with new teachers at a lower salary. These decreases in expenditures were coupled with an increase in property and income taxes which is further evidence of the rebounding local economy.

The permanent improvement capital projects fund saw an increase in fund balance due to the issuance of debt and not spending all of the proceeds by the end of the fiscal year. Other governmental funds had an increase in fund balance also from the issuance of debt and not spending all of the proceeds by the end of the fiscal year. While the School District received an increase in grant monies, due to various federal programs, expenditures also increased from ongoing construction projects. The School District continues to maximize grant money to provide students with a dynamic education. As one can see from the Statement of Revenues, Expenditures and the changes in Fund Balances, property and income taxes from the communities that comprise the School District are the largest revenue source.

### General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio Law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal 2011, the School District amended its general fund budget numerous times, none significant. The School District uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was increased \$10,113. Increases in property and income taxes and intergovernmental revenue were offset by decreases in tuition and fees. The final budget was less than actual revenues. The actual expenditures were under final budget estimates. The general fund's unencumbered ending cash balance totaled \$2,014,575.

## Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

### Capital Assets and Debt Administration

#### Capital Assets

Table 4 shows fiscal year 2010 values compared to fiscal year 2011.

**Table 4**  
**Capital Assets at June 30**

	2011	2010	Change
Land	\$177,777	\$177,777	\$0
Construction in Progress	3,685,889	153,496	3,532,393
Buildings and Improvements	7,285,863	7,217,779	68,084
Furniture and Equipment	120,431	123,111	(2,680)
Vehicles	114,211	120,058	(5,847)
<i>Total</i>	<u>\$11,384,171</u>	<u>\$7,792,221</u>	<u>\$3,591,950</u>

The School District purchased several smart boards and computers. SMART boards are fundamentally changing the way teachers teach and children learn. The interactive nature and multiple capabilities make SMART boards an excellent learning median. The School District is in the beginning stages of construction on classroom and gymnasium additions, a new roof and energy savings programs School District wide. The School District continues its ongoing commitment to maintaining and improving its capital assets. More detailed information is presented in Note 11 of the notes to the basic financial statements.

#### Debt

Table 5 below summarizes the School District's outstanding debt.

**Table 5**  
**Outstanding Debt at Year End**

	2011	2010	Change
2010 Certificates of Participation	\$7,720,092	\$8,009,526	(\$289,434)
2011 Certificates of Participation	6,041,543	0	6,041,543
2001 Library Improvement Bonds	0	140,000	(140,000)
2011 Qualified School Construction Bonds	965,000	0	965,000
1998 Energy Conversation Note	126,301	172,775	(46,474)
Capital Lease	40,970	50,970	(10,000)
Totals	<u>\$14,893,906</u>	<u>\$8,373,271</u>	<u>\$6,520,635</u>

During fiscal year 2011 the School District issued the 2011 Certificates of Participation (COPS) and the Qualified School Construction Bonds. The purpose of the COPS was to construct classroom and gymnasium additions and to put a new roof on the elementary school. The Qualified School Construction Bonds were for House Bill 264 initiative that allows energy savings construction to take place. At June 30, 2011, the School District's overall legal debt margin was \$15,131,036, with an unvoted debt margin of \$178,500. The debt is well within permissible limits. The School District maintains an A bond rating

## **Columbiana Exempted Village School District**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2011*

*Unaudited*

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from Standard and Poors. More detailed information is presented in Note 16 of the notes to the basic financial statements.

### **Current Financial Related Activities**

Columbiana Exempted Village School District has continued to maintain the highest standards of services to our students, parents and community at one of the lowest costs in Columbiana County. As with all school districts in the State of Ohio, State funding issues are constantly monitored to determine the impact on the School District. As the preceding information shows, the School District is heavily reliant on property and income taxes and State aid to provide the funds necessary to maintain its educational programs.

Management must continue to diligently plan expenses, staying carefully within the School District's financial forecast. Additional revenues must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon on the life of the levies. The School District's October 2011 five-year forecast projects the School District being in the black throughout the first four years of the forecast period, however, expenses are expected to exceed revenues beginning in fiscal year 2013. Plans are already in place to address this through staffing and monitoring of expenses. All of the School Districts' financial abilities will be needed to meet the challenges of the future.

In conclusion, the School District has been designated by the Ohio Department of Education as an "Excellent" School District for the 2010-2011 school year for the sixth year in a row. Columbiana High School has been ranked #7 in the nation in the 2011 U.S. News & World Reports Most Connected Classrooms. The ranking is based on a connectivity index which measures student-to-computer ratio, Internet access/speed, and technical support. Columbiana High School has been named a "Blue Ribbon School". The Blue Ribbon Schools Program honors public and private elementary, middle and high schools that are either academically superior or that demonstrate dramatic gains in student achievement to high levels. The High School was honored at a ceremony in Washington D.C. on November 3, 2009, where the School received a plaque and flag signifying its status.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lori Posey, Treasurer, Columbiana Exempted Village School District, 700 Columbiana-Waterford Road, Columbiana, Ohio 44408.

**Columbiana Exempted Village School District**

*Statement of Net Assets*

*June 30, 2011*

	Primary Government	Component Unit
	Governmental Activities	Dixon Early Learning Center
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$5,652,473	\$47,372
Cash and Cash Equivalents with Fiscal Agents	96,759	0
Accrued Interest Receivable	5,136	0
Intergovernmental Receivable	86,885	1,794
Inventory Held for Resale	9,279	0
Materials and Supplies Inventory	1,802	0
Property Taxes Receivable	4,929,945	0
Income Taxes Receivable	643,374	0
Deferred Charges	472,093	0
Nondepreciable Capital Assets	3,863,666	0
Depreciable Capital Assets, Net	7,520,505	89,009
<i>Total Assets</i>	<u>23,281,917</u>	<u>138,175</u>
<b>Liabilities</b>		
Accounts Payable	32,461	0
Contracts Payable	459,907	0
Accrued Wages and Benefits	828,677	0
Intergovernmental Payable	200,008	0
Accrued Interest Payable	66,508	0
Deferred Revenue	4,248,287	0
Long-Term Liabilities:		
Due Within One Year	327,663	0
Due In More Than One Year	15,156,564	0
<i>Total Liabilities</i>	<u>21,320,075</u>	<u>0</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	1,381,305	89,009
Restricted for:		
Other Purposes	142,434	0
Unrestricted	438,103	49,166
<i>Total Net Assets</i>	<u>\$1,961,842</u>	<u>\$138,175</u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2011*

	Program Revenues			Primary Government		
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit	
Expenses				Net (Expense) Revenue and Changes in Net Assets		
<b>Primary Government</b>						
<b>Governmental Activities</b>						
Instruction:						
Regular	\$5,648,434	\$699,558	\$259,475	\$274,833	(\$4,414,568)	\$0
Special	1,505,149	128,345	492,267	0	(884,537)	0
Support Services:						
Pupil	345,740	86,981	19,858	0	(238,901)	0
Instructional Staff	382,842	22,035	26,543	0	(334,264)	0
Board of Education	21,756	2,471	0	0	(19,285)	0
Administration	810,510	91,756	4,794	0	(713,960)	0
Fiscal	357,689	44,486	25,462	0	(287,741)	0
Operation and Maintenance of Plant	746,716	95,777	0	0	(650,939)	0
Pupil Transportation	386,760	36,209	0	0	(350,551)	0
Central	31,394	23,666	0	0	(7,728)	0
Operation of Non-Instructional Services:						
Food Service Operations	353,577	154,945	193,583	0	(5,049)	0
Extracurricular Activities	424,272	155,768	17,362	0	(251,142)	0
Interest and Fiscal Charges	796,361	0	0	0	(796,361)	0
<b>Total Primary Government</b>	<b>\$11,811,200</b>	<b>\$1,541,997</b>	<b>\$1,039,344</b>	<b>\$274,833</b>	<b>(8,955,026)</b>	<b>0</b>
<b>Component Unit</b>						
Dixon Early Learning Center	\$457,233	\$0	\$413,627	\$0	0	(43,606)
<b>General Revenues</b>						
Property Taxes Levied for:						
General Purposes				3,128,322		0
Debt Service				138,954		0
Capital Projects				710,207		0
Income Taxes Levied for General Purposes				1,534,889		0
Grants and Entitlements not Restricted						
to Specific Programs				3,287,546		0
Investment Earnings				63,712		0
<b>Total General Revenues</b>				<b>8,863,630</b>		<b>0</b>
Change in Net Assets				(91,396)		(43,606)
Net Assets Beginning of Year				2,053,238		181,781
Net Assets End of Year				\$1,961,842		\$138,175

See accompanying notes to the basic financial statements



**Columbiana Exempted Village School District**

*Balance Sheet  
Governmental Funds  
June 30, 2011*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,014,957	\$2,726,543	\$635,499	\$5,376,999
Cash and Cash Equivalents with Fiscal Agents	0	0	96,759	96,759
Accrued Interest Receivable	5,136	0	0	5,136
Intergovernmental Receivable	0	0	86,885	86,885
Inventory Held for Resale	0	0	9,279	9,279
Materials and Supplies Inventory	0	0	1,802	1,802
Property Taxes Receivable	3,987,602	854,889	87,454	4,929,945
Income Taxes Receivable	643,374	0	0	643,374
<i>Total Assets</i>	<u>\$6,651,069</u>	<u>\$3,581,432</u>	<u>\$917,678</u>	<u>\$11,150,179</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$9,737	\$0	\$22,724	\$32,461
Contracts Payable	0	459,907	0	459,907
Accrued Wages and Benefits	769,799	0	58,878	828,677
Intergovernmental Payable	182,179	0	17,829	200,008
Deferred Revenue	3,964,059	849,526	86,404	4,899,989
<i>Total Liabilities</i>	<u>4,925,774</u>	<u>1,309,433</u>	<u>185,835</u>	<u>6,421,042</u>
<b>Fund Balances</b>				
Nonspendable	0	0	11,081	11,081
Restricted	0	2,271,999	736,527	3,008,526
Assigned	53,921	0	0	53,921
Unassigned (Deficit)	1,671,374	0	(15,765)	1,655,609
<i>Total Fund Balances</i>	<u>1,725,295</u>	<u>2,271,999</u>	<u>731,843</u>	<u>4,729,137</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,651,069</u>	<u>\$3,581,432</u>	<u>\$917,678</u>	<u>\$11,150,179</u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities*  
 June 30, 2011

<b>Total Governmental Fund Balances</b>	<b>\$4,729,137</b>
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,384,171
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to delinquent property taxes.	651,702
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of activities.	275,474
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds, a bond issuance expenditure is reported when bonds are issued.	472,093
In the statement of activities, interest is accrued on outstanding bonds, where as in governmental funds, an interest expenditure is reported when due.	(66,508)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Certificates of Participation	(13,761,635)
Qualified School Construction Bonds	(965,000)
Energy Conservation Loan	(126,301)
Capital Leases	(40,970)
Compensated Absences	<u>(590,321)</u>
Total	<u>(15,484,227)</u>
 <i>Net Assets of Governmental Activities</i>	 <u><u>\$1,961,842</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$3,145,649	\$711,510	\$139,210	\$3,996,369
Income Taxes	1,534,889	0	0	1,534,889
Intergovernmental	3,059,433	268,582	1,241,211	4,569,226
Interest	59,905	0	3,807	63,712
Tuition and Fees	1,076,943	0	0	1,076,943
Rentals	9,697	0	0	9,697
Extracurricular Activities	60,408	0	147,831	208,239
Contributions and Donations	8,384	6,251	17,862	32,497
Charges for Services	92,173	0	154,945	247,118
<i>Total Revenues</i>	<u>9,047,481</u>	<u>986,343</u>	<u>1,704,866</u>	<u>11,738,690</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,860,638	0	328,902	5,189,540
Special	1,068,777	0	424,732	1,493,509
Support Services:				
Pupil	239,434	0	109,557	348,991
Instructional Staff	312,681	0	24,119	336,800
Board of Education	21,732	0	0	21,732
Administration	788,529	0	4,794	793,323
Fiscal	330,865	0	25,281	356,146
Operation and Maintenance of Plant	587,783	0	0	587,783
Pupil Transportation	324,763	0	0	324,763
Central	31,359	0	0	31,359
Operation of Non-instructional Services:				
Food Service Operations	0	0	330,955	330,955
Extracurricular Activities	199,722	0	172,816	372,538
Capital Outlay	0	3,945,933	523,994	4,469,927
Debt Service:				
Principal Retirement	0	510,000	196,474	706,474
Interest and Fiscal Charges	0	669,263	50,845	720,108
Issuance Costs	0	237,395	0	237,395
<i>Total Expenditures</i>	<u>8,766,283</u>	<u>5,362,591</u>	<u>2,192,469</u>	<u>16,321,343</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>281,198</u>	<u>(4,376,248)</u>	<u>(487,603)</u>	<u>(4,582,653)</u>
<b>Other Financing Sources (Uses)</b>				
Certificates of Participation Bonds Issued	0	6,250,000	0	6,250,000
Qualified School Construction Bonds Issued	0	0	965,000	965,000
Discount on Certificates of Participation Bonds Issued	0	(8,724)	0	(8,724)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>6,241,276</u>	<u>965,000</u>	<u>7,206,276</u>
<i>Net Change in Fund Balances</i>	281,198	1,865,028	477,397	2,623,623
<i>Fund Balances Beginning of Year (Restated - See Note 3)</i>	<u>1,444,097</u>	<u>406,971</u>	<u>254,446</u>	<u>2,105,514</u>
<i>Fund Balances End of Year</i>	<u>\$1,725,295</u>	<u>\$2,271,999</u>	<u>\$731,843</u>	<u>\$4,729,137</u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2011*

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**Net Change in Fund Balances -Total Governmental Funds** \$2,623,623

*Amounts reported for governmental activities in the  
statement of activities are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlay exceeded depreciation in the current period:

Capital Asset Additions	3,870,134
Current Year Depreciation	<u>(278,184)</u>

Total	3,591,950
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Delinquent property tax revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds. (18,886)

Other financial sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities:

Certificate of Participation Bonds Issued	(6,250,000)
Discount on Certificate of Participation Bonds Issued	8,724
Qualified School Construction Bonds Issued	<u>(965,000)</u>

Total	(7,206,276)
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Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 706,474

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

Accrued Interest	(34,334)
Amortization of Issuance Costs	(21,086)
Amortization of Loss on Refunding	(23,768)
Amortization of Premium on Bonds	3,202
Amortization of Discount on Bonds	<u>(267)</u>

Total	(76,253)
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In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds, a bond issuance expenditure is reported when bonds are issued. 237,395

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 62,047

The internal service fund used by management to charge the individual funds is reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. (11,470)

*Change in Net Assets of Governmental Activities* (\$91,396)

**Columbiana Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Property Taxes	\$3,066,793	\$3,170,540	\$3,169,960	(\$580)
Income Taxes	1,403,893	1,437,954	1,437,954	0
Intergovernmental	2,912,826	3,060,125	3,059,433	(692)
Interest	68,237	65,000	62,121	(2,879)
Tuition and Fees	1,342,267	1,098,466	1,079,114	(19,352)
Rentals	12,099	12,000	9,697	(2,303)
Extracurricular Activities	64,454	60,838	60,408	(430)
Contributions and Donations	3,440	8,450	8,384	(66)
Charges for Services	88,201	92,732	92,173	(559)
Miscellaneous	43,781	9,999	8,912	(1,087)
<i>Total Revenues</i>	<u>9,005,991</u>	<u>9,016,104</u>	<u>8,988,156</u>	<u>(27,948)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,252,491	5,204,132	5,203,391	741
Special	1,094,968	1,095,465	1,095,463	2
Support Services:				
Pupil	233,708	243,643	243,623	20
Instructional Staff	288,104	287,882	287,882	0
Board of Education	21,672	21,665	21,663	2
Administration	785,340	783,627	783,449	178
Fiscal	325,985	325,669	325,669	0
Operation and Maintenance of Plant	594,109	591,003	590,260	743
Pupil Transportation	326,578	325,408	325,403	5
Central	30,718	30,705	30,705	0
Extracurricular Activities	195,409	195,325	195,325	0
<i>Total Expenditures</i>	<u>9,149,082</u>	<u>9,104,524</u>	<u>9,102,833</u>	<u>1,691</u>
<i>Excess of Revenues Under Expenditures</i>	(143,091)	(88,420)	(114,677)	(26,257)
<b>Other Financing Sources</b>				
Advances In	0	1,900,258	1,900,258	0
<i>Net Change in Fund Balance</i>	(143,091)	1,811,838	1,785,581	(26,257)
<i>Fund Balance Beginning of Year</i>	171,726	171,726	171,726	0
Prior Year Encumbrances Appropriated	57,268	57,268	57,268	0
<i>Fund Balance End of Year</i>	<u>\$85,903</u>	<u>\$2,040,832</u>	<u>\$2,014,575</u>	<u>(\$26,257)</u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**  
*Statement of Fund Net Assets*  
*Internal Service Fund*  
*June 30, 2011*

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	<u>Self Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$275,474
<b>Liabilities</b>	
	<u>0</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$275,474</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Statement of Revenues,*

*Expenses and Changes in Fund Net Assets*

*Internal Service Fund*

*For the Fiscal Year Ended June 30, 2011*

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	Self Insurance
<b>Operating Revenues</b>	<u>\$0</u>
<b>Operating Expenses</b>	
Salaries	4,000
Fringe Benefits	618
Purchased Services	4,135
Materials and Supplies	481
Claims	<u>2,236</u>
<i>Operating Loss</i>	(11,470)
<i>Net Assets Beginning of Year</i>	<u>286,944</u>
<i>Net Assets End of Year</i>	<u><u>\$275,474</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Statement of Cash Flows*

*Internal Service Fund*

*For the Fiscal Year Ended June 30, 2011*

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	<u>Self Insurance</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Payments to Employees for Services	(\$4,000)
Cash Payments for Employee Benefits	(618)
Cash Payments for Goods and Services	(4,616)
Cash Payments for Claims	<u>(2,236)</u>
<i>Net Cash Used for Operating Activities</i>	(11,470)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>286,944</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$275,474</u></u>

See accompanying notes to the basic financial statements



**Columbiana Exempted Village School District**

*Statement of Fiduciary Assets and Liabilities*

*Agency Fund*

*June 30, 2011*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$19,107</u>
<b>Liabilities</b>	
Due to Students	<u>\$19,107</u>

See accompanying notes to the basic financial statements

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## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### **Note 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 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 City of Columbiana and portions of Fairfield, Beaver and Springfield Townships. The School District is staffed by 39 non-certificated employees, 69 certificated full-time teaching personnel and 5 administrative employees who provide services to 999 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 ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, agencies, departments and offices that are not legally separate from the School District. For the School District, the agencies and departments provide the following services: general operations, food service, and student related activities of the School District.

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

*Columbiana Exempted Village School District Lease Corporation* – During fiscal year 1999, the Columbiana Exempted Village School District Leasing Corporation (Corporation) was formed to issue Certificates of Participation for the purpose of constructing a new high school in accordance with Ohio Revised Code Section 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 Corporation is governed by a three member Board appointed by the School District. Although the 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. This activity is reflected in the bond retirement debt service fund. The Corporation has assigned its duties to a Trustee to handle the finances.

Discretely Presented Component Unit - The component unit column in the financial statements identifies the financial data of the School District's component unit, Dixon Early Learning Center. It is reported separately to emphasize that it is legally separate from the School District.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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*Dixon Early Learning Center* – Dixon Early Learning Center (the “Center”) is a legally separate, non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Center is a community school with an objective to deliver a comprehensive educational program of high quality, tied to State and national standards for at-risk or disabled students, which can be delivered to students in preschool through kindergarten. The Center is governed by a Board of Trustees. The Board of Trustees may adopt budgets, hire and fire employees, and receive funding from the Ohio Department of Education. Based on the significant services provided by the School District to the Center, the Center’s purpose of servicing the students within the School District, and the relationship between the Board of Education of the School District and the Board of Trustees of the Center, the Center is reflected as a component unit of the School District. Separately issued financial statements can be obtained from the Treasurer of the Center at 333 North Middle Street, Columbiana, Ohio 44408.

The School District participates in two jointly governed organizations, one insurance purchasing pool, one risk sharing pool and a related organization. These organizations are the Columbiana County Career and Technical Center, the Access Council of Governments, the Ohio School Boards Association Workers’ Compensation Group Rating Program, the Portage Area School Consortium, and the Columbiana Public Library. These organizations are presented in Notes 17, 18 and 19 of the basic financial statements.

Information in the notes to the basic financial statements is applicable to the primary government. Information for the component unit is presented in Note 23.

### **Note 2 - Summary of Significant Accounting Policies**

The financial statements of 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 governmental activities and internal service fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District’s accounting policies follow.

#### ***Basis of Presentation***

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

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

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District’s governmental activities. Direct

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

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

### **Fund Accounting**

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

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

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

**Permanent Improvement Capital Projects Fund** The permanent improvement fund receives property taxes for transactions restricted for acquiring, constructing or improving capital facilities.

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

**Proprietary Fund Type** Proprietary funds focus on the determination of operating income, changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. The School District only has an internal service fund.

**Internal Service Fund** This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The School District utilizes an internal service fund to account for any unanticipated run-off claims not covered by their Shared Risk Pool's reserve.

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

### ***Measurement Focus***

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

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

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

### ***Basis of Accounting***

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

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned and revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

### ***Budgetary Data***

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

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an appropriation resolution which closely matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year-end in the majority of categories.

### ***Cash and Cash Equivalents***

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

During fiscal year 2011, investments were limited to repurchase agreements, STAR Ohio and federal national mortgage association notes.

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 are reported at cost.

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "cash and cash equivalents with fiscal agents".

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, 2011.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$59,905 which includes \$37,650 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.



## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### ***Inventory***

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

### ***Capital Assets***

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the governmental-wide statement of net assets but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	5 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 15 years

### ***Issuance Costs***

Issuance costs for underwriting fees and insurance for certificates of participation are being amortized using the straight-line method over the life of the certificates on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method. On the governmental fund statements issuance costs are expended in the year the certificates are issued.

As permitted by State statute, the School District paid issuance costs from the proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### ***Premium/Discount***

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

### ***Gain/Loss on Refunding***

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

### ***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

### ***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the internal service fund financial statements.

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

### ***Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources which will be used for athletics, special education and classroom facilities maintenance.

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

### ***Fund Balance Reserves***

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

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

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

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

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

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### ***Operating Revenues and Expenses***

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

### ***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

### ***Estimates***

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

## **Note 3 – Change in Accounting Principles and Restatement of Fund Balance**

### ***Change in Accounting Principles***

For fiscal year 2011, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and GASB Statement No. 59, “Financial Instruments Omnibus”.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the School District’s financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments by updating and improving existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of this statement did not result in any change in the School District’s financial statements.

### ***Restatement of Prior Year’s Fund Balance***

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Fund Balance at June 30, 2010	\$1,403,718	\$406,971	\$294,825	\$2,105,514
Change in Fund Structure	40,379	0	(40,379)	0
Adjusted Fund Balance at June 30, 2010	<u>\$1,444,097</u>	<u>\$406,971</u>	<u>\$254,446</u>	<u>\$2,105,514</u>

**Note 4 – Fund Balances and Fund Deficits**

***Fund Balances***

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

Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Inventory	\$0	\$0	\$11,081	\$11,081
<b><i>Restricted for</i></b>				
Food Service Operations	0	0	74,235	74,235
Athletics	0	0	20,165	20,165
Instructional Services	0	0	6,170	6,170
Special Education	0	0	37,611	37,611
Debt Service Payments	0	2,271,999	157,340	2,429,339
Capital Improvements	0	0	441,006	441,006
<b><i>Total Restricted</i></b>	<u>0</u>	<u>2,271,999</u>	<u>736,527</u>	<u>3,008,526</u>
<b><i>Assigned to</i></b>				
Other Purposes	53,921	0	0	53,921
<b><i>Unassigned (Deficit)</i></b>	<u>1,671,374</u>	<u>0</u>	<u>(15,765)</u>	<u>1,655,609</u>
<b><i>Total Fund Balances</i></b>	<u>\$1,725,295</u>	<u>\$2,271,999</u>	<u>\$731,843</u>	<u>\$4,729,137</u>

***Fund Deficits***

At June 30, 2011, the following funds have deficit balances:

**Nonmajor Funds:**

Special Revenue Funds:

Auxiliary Services	2,143
Education Jobs	13,622

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

The deficits in the special revenue funds resulted from the recognition of accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

### Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded cash represents amounts received but not reported by the School District on the operating statements (budget), but which is reported on the GAAP basis operating statements.
6. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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

Net Change in Fund Balance	
GAAP Basis	\$281,198
Net Adjustment for Revenue Accruals	(61,049)
Beginning Fair Value Adjustment for Investments	(2,814)
Ending Fair Value Adjustment for Investments	4,524
Beginning Unreported Cash	14
Advances In	1,900,258
Net Adjustment for Expenditure Accruals	(331,644)
Adjustment for Encumbrances	(4,906)
Budget Basis	<u><u>\$1,785,581</u></u>

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### **Note 6 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

### Deposits

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$7,968 of the School District's bank balance of \$1,897,093 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

### Investments

As of June 30, 2011, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>	<u>Moody Rating</u>	<u>Percentage of Total Investments</u>
STAR Ohio	\$376	58.3 Days	N/A	N/A
Repurchase Agreement	3,125,476	Less than one year	AAA	83.99 %
Federal National Mortgage Association Notes	<u>595,476</u>	Less than Five years	AAA	16.00
Total Investements	<u><u>\$3,721,328</u></u>			

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

**Credit Risk** The Moody's ratings of the School Districts investments are listed in the table above. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

**Concentration of Credit Risk** The School District places no limit on the amount it may invest in any one issuer.



## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### **Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in calendar year 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Mahoning and Columbiana Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011 was \$23,543 in the general fund, \$1,049 in the bond retirement debt service fund and \$5,363 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2010 was \$47,854 in the general fund, \$2,145 in the bond retirement debt service fund and \$10,965 in the permanent improvement capital projects fund.

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$173,854,189	97.80 %	\$174,492,850	97.76 %
Public Utility Personal	3,743,420	2.10	4,007,120	2.24
Tangible Personal Property	175,706	0.10	0	0.00
Total	<u>\$177,773,315</u>	<u>100.00 %</u>	<u>\$178,499,970</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$34.40		\$34.40	

### Note 8 – Receivables

Receivables at June 30, 2011, consisted of taxes, intergovernmental grants and accounts (rent and tuition). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Title VI-B Grant	\$59,055
Title I Grant	22,417
Education Jobs Grant	5,413
Total	<u>\$86,885</u>

### Note 9 – Income Tax

The School District levies a voted tax of 1 percent for the general operations on the income of residents and of estates. The tax was effective on November 5, 2002, and is a continuing tax. Employers of residents are required to withhold income tax compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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### Note 10 - Risk Management

#### *Property and Liability*

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School District contracted with Indiana Insurance for various types of insurance. Coverage is as follows:

Coverage	Amount
Building and Contents - replacement cost (\$1,000 deductible)	\$31,581,900
Inland Marine Coverage (\$500 deductible)	100,000
Schedule Property (\$500 deductible)	767,950
Automobile Liability (\$500 deductible)	1,000,000
General Liability:	
Per Occurrence	1,000,000
Total Per Year	2,000,000
Commercial Umbrella Liability Policy	3,000,000

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

#### *Employee Medical, Dental and Vision Benefits*

Effective July 1, 2006, the School District became a member of the Portage Area School Consortium (the "Consortium"), a risk sharing pool (see Note 18), through which a cooperative Health Benefit Program was created for the benefits of its members. In previous years, the School District was self-insured. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve. Prior to July 1, 2006, the School District offered vision and dental insurance through a self-insurance fund.

#### *Worker's Compensation*

For fiscal year 2011, 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. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control, and actuarial services to the GRP.

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

**Note 11 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$177,777	\$0	\$0	\$177,777
Construction in Progress	153,496	3,830,324	(297,931)	3,685,889
<i>Total Capital Assets, not being depreciated</i>	<u>331,273</u>	<u>3,830,324</u>	<u>(297,931)</u>	<u>3,863,666</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	10,752,129	297,931	0	11,050,060
Furniture and Equipment	355,654	23,093	0	378,747
Vehicles	357,772	16,717	0	374,489
<i>Total Capital Assets, being depreciated</i>	<u>11,465,555</u>	<u>337,741</u>	<u>0</u>	<u>11,803,296</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(3,534,350)	(229,847)	0	(3,764,197)
Furniture and Equipment	(232,543)	(25,773)	0	(258,316)
Vehicles	(237,714)	(22,564)	0	(260,278)
<i>Total Accumulated Depreciation</i>	<u>(4,004,607)</u>	<u>(278,184) *</u>	<u>0</u>	<u>(4,282,791)</u>
<i>Total Capital Assets, being depreciated, net</i>	<u>7,460,948</u>	<u>59,557</u>	<u>0</u>	<u>7,520,505</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$7,792,221</u>	<u>\$3,889,881</u>	<u>(\$297,931)</u>	<u>\$11,384,171</u>

\* Depreciation expense was charged to governmental functions as follow:

Instruction:	
Regular	\$162,744
Special	4,680
Support Services:	
Pupil	5,436
Instructional Staff	7,923
Administration	3,280
Fiscal	1,548
Operation and Maintenance of Plant	49,506
Pupil Transportation	20,981
Operation of Non-Instructional Services:	
Food Service Operations	6,533
Extracurricular Activities	15,553
Total Depreciation Expense	<u>\$278,184</u>

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### **Note 12 - Defined Benefit Pension Plans**

#### ***School Employee Retirement System***

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$99,427, \$104,407 and \$78,092, respectively. For fiscal year 2011, 91.13 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

#### ***State Teachers Retirement System***

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$565,683 and \$11,821 for the fiscal year ended June 30, 2011, \$584,893 and \$12,686 for the fiscal year ended June 30, 2010, and \$534,152 and none for the fiscal year ended June 30, 2009. For fiscal year 2011, 78.03 percent has been contributed for the DB plan and 78.03 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2011 were \$888 made by the School District and \$634 made by the plan members. In addition, member contributions of \$8,443 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

### ***Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

## **Note 13 - Post Employment Benefits**

### ***School Employee Retirement System***

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administrated by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2011, this amount was \$35,800. During fiscal year 2011, the School District paid \$13,775 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$25,814, \$17,663 and \$35,738, respectively. For fiscal year 2011, 91.13 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010 and 2009, were \$6,398, \$6,209 and \$6,443 respectively. For fiscal year 2011, 91.13 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

### ***State Teachers Retirement System***

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

**Funding Policy** – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$41,742, \$42,163 and \$39,328 respectively. For fiscal year 2011, 77.02 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

## **Note 14 - Other Employee Benefits**

### ***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn up 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.

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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.

### *Life Insurance*

The School District provides life insurance and accidental death and dismemberment insurance to most of its employees. Life insurance is provided through Sun Life of Canada.

### **Note 15 - Leases**

The School District has an existing lease for a school bus. The School District's lease obligation meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," and has been recorded on the government-wide statements.

Capital assets acquired by lease have been capitalized and depreciated as follows:

<b><i>Governmental Activities</i></b>	
<b>Vehicles</b>	
Original Cost	\$100,970
Accumulated Depreciation	(53,851)
	<hr/>
<i>Governmental Activities Leased Assets, Net</i>	<u>\$47,119</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011.

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2012	\$11,590
2013	12,154
2014	11,697
2015	11,368
	<hr/>
Total	46,809
Less: Amount Representing Interest	(5,839)
	<hr/>
Present Value of Net Minimum Lease Payments	<u>\$40,970</u>

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



**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

**Note 16 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2011 were as follows:

	Principal Outstanding 06/30/10	Additions	Deductions	Principal Outstanding 06/30/11	Amount Due in One Year
<b>Governmental Activities</b>					
<b>Certificates of Participation (COP)</b>					
2010 COP					
Current Interest Serial COP 2.0 - 3.625%	\$2,760,000	\$0	(\$310,000)	\$2,450,000	\$185,000
Current Interest Term COP 4.0 - 5.0%	5,630,000	0	0	5,630,000	0
Premium on COP	59,234	0	(3,202)	56,032	0
Accounting Loss	(439,708)	0	23,768	(415,940)	0
<i>Total 2010 COP</i>	<u>8,009,526</u>	<u>0</u>	<u>(289,434)</u>	<u>7,720,092</u>	<u>185,000</u>
2011 COP					
Tax Exempt Serial COP 1.0 - 3.5%	0	660,000	(200,000)	460,000	5,000
Tax Exempt Term COP 3.9%	0	440,000	0	440,000	0
Build America Term Bonds 6.544 - 7.318%	0	5,150,000	0	5,150,000	0
Discount on COP	0	(8,724)	267	(8,457)	0
<i>Total 2011 COP</i>	<u>0</u>	<u>6,241,276</u>	<u>(199,733)</u>	<u>6,041,543</u>	<u>5,000</u>
<i>Total Certificates of Participation</i>	8,009,526	6,241,276	(489,167)	13,761,635	190,000
<b>Other Long-term Obligations</b>					
2001 Library Improvement Bonds 4.95%	140,000	0	(140,000)	0	0
2011 Qualified School Construction Bonds 6.25%	0	965,000	0	965,000	64,333
1998 Energy Conservation Loan 4.8%	172,775	0	(46,474)	126,301	48,731
Capital Leases	50,970	0	(10,000)	40,970	10,000
Compensated Absences	652,368	107,846	(169,893)	590,321	14,599
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$9,025,639</u>	<u>\$7,314,122</u>	<u>(\$855,534)</u>	<u>\$15,484,227</u>	<u>\$327,663</u>

On May 7, 2010, the School District issued \$8,390,000 in certificate of participation bonds to refund the 1999 certificate of participation bonds. The certificate of participation bonds included serial and term bonds in the amount of \$2,760,000 and \$5,630,000, respectively. The bonds were issued for an 18 year period with a final maturity at December 1, 2028. The bonds will be retired from the debt service fund.

*Optional Redemption* The Series 2010 certificates maturing on or after December 1, 2021 are subject to prior redemption, on any date on or after December 1, 2020, in whole after exercise by the School District of its option to purchase the Leased Property pursuant to the Lease from the available proceeds from such purchase and in whole or part in connection with the refunding of the Series 2010 Certificates, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2022, 2024, 2026, 2028 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

Year	Issue			
	\$1,400,000	\$1,185,000	\$1,400,000	\$1,645,000
2020	\$430,000	\$0	\$0	\$0
2021	465,000	0	0	0
2023	0	570,000	0	0
2025	0	0	665,000	0
2027	0	0	0	790,000
Total	<u>\$895,000</u>	<u>\$570,000</u>	<u>\$665,000</u>	<u>\$790,000</u>
Stated Maturity	12/1/2022	12/1/2024	12/1/2026	12/1/2028

The remaining principal amount of the term bonds (\$505,000, \$615,000, \$735,000, and \$855,000) will mature at the stated maturity.

The refunding bonds were sold at a premium of \$59,501. Net proceeds of \$2,593,188 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$8,625,000 of these bonds is considered defeased and the liability for the refund portion of these bonds has been removed from the School District's financial statements.

On August 10, 2010, the School District issued \$6,250,000 in certificate of participation bonds for various construction projects within the School District. The certificate of participation bonds included serial, term and Build America bonds in the amounts of \$660,000, 440,000 and \$5,150,000, respectively. The bonds were issued for a 28 year period with a final maturity at December 1, 2038. The bonds will be retired from the debt service fund.

*Optional Redemption* The Series 2010A and 2010B certificates maturing on or after December 1, 2021 are subject to prior redemption, on any date on or after December 1, 2020, in whole after exercise by the School District of its option to purchase the Leased Property pursuant to the Lease from the available proceeds from such purchase and in whole or part in connection with the refunding of those Certificates, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

*Build America Bonds (BABs)* The bonds were issued for the purpose of classroom and gym additions as well as an elementary school roof. As part of the American Recovery and Reinvestment Act of 2009, Congress added Sections 54AA and 6431 to the Code, which permit state or local governments to obtain certain tax advantages when they issue BABs. Under Section 6431 of the Code, the School District may elect to receive payments directly from the Secretary of the United States Treasury equal to 35 percent of the corresponding interest payable on this issue. The bonds will be repaid from the bond retirement debt service fund.

The 2010 BABs term bonds maturing on December 1, 2025, 2029 and 2038, respectively, are subject to extraordinary optional sinking fund redemption. Extraordinary optional redemption BABs are subject to redemption prior to maturity at the option of the School District at par, in whole or in part, on any date during the period from the date of delivery of the Series 2010B Certificates until December 1, 2020, in the event that the government of the United States of America evidences, in the sole judgment of the Treasurer, by action or failure to act that it will not provide for direct payments to be made in the School District in an amount equal to or greater than 35 percent of the interest payable on the Series 2010B Certificates on any interest payment date.

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

The term bonds maturing on December 1, 2023, 2025, 2029, 2038 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue			
	\$440,000	\$405,000	\$1,120,000	\$3,625,000
2021	\$125,000	\$0	\$0	\$0
2022	140,000	0	0	0
2024	0	195,000	0	0
2026	0	0	240,000	0
2027	0	0	270,000	0
2028	0	0	295,000	0
2030	0	0	0	330,000
2031	0	0	0	350,000
2032	0	0	0	365,000
2033	0	0	0	380,000
2034	0	0	0	400,000
2035	0	0	0	420,000
2036	0	0	0	440,000
2037	0	0	0	460,000
Total	<u>\$265,000</u>	<u>\$195,000</u>	<u>\$805,000</u>	<u>\$3,145,000</u>
Stated Maturity	12/1/2023	12/1/2025	12/1/2029	12/1/2038

The remaining principal amount of the term bonds (\$175,000, \$210,000, \$315,000, and \$480,000) will mature at the stated maturity.

The fiscal year 2011 certificates of participation bonds were sold at a discount of \$8,724.

On August 15, 2001, the School District issued \$1,000,000 in general obligation library improvement bonds on behalf of the Columbiana Public Library. The bonds were issued for a ten year period with a final maturity at June 1, 2011 and are backed by the full faith and credit of the School District.

On February 24, 2011, the School District issued \$965,000 in qualified school construction bonds for the purpose of energy savings upgrades in the School District. The bonds were issued for a 15 year period and are subject to mandatory sinking fund payments. The School District may elect to receive payments directly from the Secretary of the United States Treasury equal to 88 percent of the corresponding interest payable on this issue. The bonds will be repaid from the bond retirement debt service fund.

On December 17, 1998, the School District borrowed \$576,217 in an unvoted general obligation energy conservation loan for the purpose of providing energy conservation measures for the School District. The loan was issued for a fifteen year period with a final maturity at December 1, 2013 and is backed by the full faith and credit of the School District.

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

The qualified school construction bonds will be paid from the bond retirement debt service fund. The energy conservation loan will be paid from the permanent improvement capital projects fund. The compensated absences will be paid from the general fund and the food service, auxiliary services and title I special revenue funds. The capital lease will be paid from the general fund.

The overall debt margin of the School District as of June 30, 2011 was \$15,131,036 with an unvoted debt margin of \$178,500. Principal and interest requirements to retire the certificates of participation, the library improvement bonds and the energy conservation loan outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30	2010 Refunding Certificates of Participation			
	Current Interest Serial		Current Interest Term	
	Principal	Interest	Principal	Interest
2012	\$185,000	\$198,836	\$0	\$128,566
2013	195,000	195,036	0	128,566
2014	210,000	190,461	0	128,566
2015	240,000	184,836	0	128,566
2016	260,000	177,936	0	128,566
2017 - 2021	1,360,000	614,071	0	642,830
2022 - 2026	0	0	2,585,000	1,044,705
2027 - 2029	0	0	3,045,000	320,125
Total	\$2,450,000	\$1,561,176	\$5,630,000	\$2,650,490

Fiscal Year Ending June 30,	2011 Certificates of Participation			
	Serial and Term			Total
	Principal	Interest	Subsidy	
2012	\$5,000	\$402,471	(\$130,049)	\$277,422
2013	5,000	402,409	(130,049)	277,360
2014	10,000	402,334	(130,049)	282,285
2015	25,000	402,134	(130,049)	297,085
2016	35,000	401,634	(130,049)	306,585
2017-2021	380,000	1,986,567	(650,245)	1,716,322
2022-2026	845,000	1,881,346	(645,778)	2,080,568
2027-2031	1,450,000	1,533,577	(536,751)	2,446,826
2032-2036	1,915,000	938,167	(328,358)	2,524,809
2037-2039	1,380,000	204,903	(71,716)	1,513,187
Total	\$6,050,000	\$8,555,542	(\$2,883,093)	\$11,722,449

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

Fiscal Year Ending June 30,	2011 Qualified School Construction Bonds			Sinking Fund
	Principal	Interest	Subsidy	Payment
2012	\$0	\$60,313	(\$53,171)	\$64,333
2013	0	60,313	(53,171)	64,333
2014	0	60,313	(53,171)	64,333
2015	0	60,313	(53,171)	64,333
2016	0	60,313	(53,171)	64,333
2017-2021	0	301,565	(265,855)	321,666
2022-2026	965,000	271,408	(239,270)	(643,331)
Total	<u>\$965,000</u>	<u>\$874,538</u>	<u>(\$770,980)</u>	<u>\$0</u>

Fiscal Year Ending June 30	Energy Conservation Loan	
	Principal	Interest
2012	\$48,731	\$5,485
2013	51,098	3,117
2014	26,472	635
Total	<u>\$126,301</u>	<u>\$9,237</u>

**Note 17 - Jointly Governed Organizations**

***Columbiana County Career and Technical Center***

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

***Access Council of Governments***

The Access Council of Governments (COG) is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among the member districts. Each of the governments of these schools supports COG based upon a per pupil charge, which was \$40.25 for fiscal year 2011. Columbiana Exempted Village School District paid \$29,201 to the COG during fiscal year 2011. COG 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 COG including budgeting, appropriating, contracting and designating management. All of COG revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who services as fiscal agent, at 100 Debartolo Place, Youngstown, Ohio 44512.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### **Note 18 – Public Entity Risk Pools**

#### ***Insurance Purchasing Pool***

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or 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.

#### ***Risk Sharing Pool***

The Portage Area School Consortium (the "Consortium") was established in 1981 so that 12 educational-service providers in Portage County could manage risk exposures and purchase necessary insurance coverage as a group. The Health and Welfare Trust is organized under the provisions of Section 501(c)(9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as health insurance, disability insurance and life insurance. A third party administrator is retained by the consortium to facilitate the operation of the Health and Welfare Trust. The School District pays all insurance premiums directly to the consortium. Also, the insurance agreement with Portage County School Consortium provides that the Consortium will reinsure through commercial companies for claims over \$150,000 per employee. Although the School District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing Board as provided in the Consortium's enabling authority. The Portage County Educational Service Center acts as the fiscal agent for the consortium. To obtain financial information, write to the Portage County Educational Service Center, Tom Morehouse, who serves as Treasurer, at 326 East Main Street, Ravenna, Ohio 44266.

### **Note 19 – Related Party Organizations**

***Columbiana Public Library*** The Columbiana Public Library (the "Library") is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a seven member Board of Trustees appointed by the School Board. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. 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. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Columbiana Public Library, Carol Cobbs, Director/Clerk-Treasurer, at 332 N. Middle St., Columbiana, Ohio 44408.

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

### Note 20 - Contingencies

#### Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

#### Litigation

The School District is not a party to any legal proceedings.

### Note 21 - Set-Asides

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

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

	Textbooks Instructional Materials Reserve	Capital Improvements Reserve
Set-Aside Reserve Balance as of June 30, 2010	(\$329,574)	\$0
Current Year Set-aside Requirement	125,854	125,854
Current Year Offset	0	(884,739)
Qualifying Disbursements	(171,651)	(71,342)
Total	<u>(\$375,371)</u>	<u>(\$830,227)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2011	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount below zero. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years. Effective July 1, 2011, the textbook set aside is no longer required and has been removed from existing law. This negative balance is therefore not presented as being carried forward to future fiscal year.

### Note 22 – Contractual Commitments

At June 30, 2011, the School District's significant contractual commitments consisted of:

<u>Company</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Gymnasium Addition	\$1,171,492	\$392,178	\$779,314
House Bill 264 Project	965,000	523,994	441,006
Classroom Addition	2,611,539	1,751,689	859,850
Joshua Dixon Elementary Roof	1,366,355	1,018,028	348,327
Total	<u>\$6,114,386</u>	<u>\$3,685,889</u>	<u>\$2,428,497</u>

### Note 23 – Dixon Early Learning Center (Center)

#### *Summary of Significant Accounting Policies*

##### *Nature of Activities*

The Center is a non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Center is a community conversion school with an objective to deliver a comprehensive educational program of high quality, tied to State and national standards for at-risk or disabled students, which can be delivered to students in preschool through kindergarten. The Center, as part of the Columbiana Exempted Village School District, is an approved tax-exempt organization. Management is not aware of any course of action or series of events that have occurred that might adversely affect their tax exempt status. The Center may sue or be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Center. The Center is considered a component unit of the Columbiana Exempted Village School District for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39.

The creation of the Center was initially proposed to the Ohio Department of Education by the Columbiana Exempted Village School District and other members of the community on March 11, 2008. The Ohio Department of Education approved the proposal and entered into a contract with the Dixon Early Learning Center, which provided for the commencement of Center operations on September 2, 2008.



## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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The Center operates under a three-member Board of Directors (the “Board”). New members are appointed by the remaining board members within 30 days of the date the position becomes open. If a consensus on the new member is not reached by the remaining board members within 30 days, the Columbiana Exempted Village School District Board of Education will appoint the new member. The Board is responsible for carrying out the provisions of the contract which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards and qualifications of teachers. The Center provides services to 174 students in kindergarten.

The Center participates in one jointly governed organization, the Area Cooperative Computerized Educational Service System Council of Governments. This organization is presented in Note 23 to the basic financial statements.

### *Method of Accounting*

The financial statements have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

### *Estimates*

The preparation of financial statement in conformity with generally accepted accounting principles requires the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### *Basis of Presentation*

The Center uses an enterprise fund to report financial position and the results of its operations. This fund uses the economic resources measurement focus and the accrual basis of accounting.

### *Cash and Cash Equivalents*

The Center maintains cash balances at a financial institution located in Northeast Ohio. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2011, the Center had \$47,372 in total deposits. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time. The Center had no investments during the fiscal year or at fiscal year end.

### *Intergovernmental Revenues*

The Center currently participates in the State Foundation Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements in which the Center must provide local resources to be used for a specified purpose and expenditure requirements in which the resources are provided to the Center on a reimbursement basis.

The amount of these grants is directly related to the number of students enrolled in the Center. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency calculations made by the Center. These reviews are conducted to ensure the centers are reporting accurate student enrollment data to the State, upon which State foundation is calculated.

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

The remaining grants and entitlements received by the Center are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

### *Capital Assets*

Capital assets are recorded at cost. Maintenance, repairs and minor renewals are charged to expense as incurred. When assets are sold, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any profit or loss arising from such disposition is included as income or expense in the year in which sold.

The Center's policy is to capitalize property and equipment over \$650. The equipment is being depreciated using the straight-line method over five years.

### *Budgetary Process*

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract with its Sponsor. The contract between the Center and its Sponsor requires an annual budget. A regular review of the budget is also performed and updated during the fiscal year as circumstances change and actual figures become available.

### *Capital Assets*

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance 6/30/10	Additions	Reductions	Balance 6/30/11
Furniture, fixtures and equipment	\$99,191	\$43,006	\$0	\$142,197
Less: Accumulated Depreciation	(25,548)	(27,640)	0	(53,188)
Total Capital Assets, Net of Depreciation	<u>\$73,643</u>	<u>\$15,366</u>	<u>\$0</u>	<u>\$89,009</u>

### *Jointly Governed Organization*

The Center participates in the Area Cooperative Computerized Educational Service System Council of Governments (ACCESS), a jointly governed organization. The Center did not make a payment to ACCESS during fiscal year 2011. See Note 17 for additional information.

### *Risk Management*

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the Columbiana Exempted Village School District, the Center's sponsor, carried comprehensive coverage on all their school buildings. This policy cannot be broken out on a per school basis. Please see Note 10 for coverage information.

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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***Contingencies***

***Grants***

The Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2011.

***Litigation***

As of June 30, 2011, the Center was not party to any legal proceedings.

***Purchased Services***

For the period of July 1, 2010 through June 30, 2011, purchased service expenses were payments for services rendered by various vendors as follows:

Teacher Services	\$285,089
Aides	20,130
EMIS Services	<u>3,000</u>
Total	<u><u>\$308,219</u></u>

***Related Party Transactions***

For the fiscal year ended June 30, 2011, the Center had expenses of \$308,219 to their sponsor for reimbursement of expenses.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE Passed Through Ohio Department of Education</b>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	N/A	10.555	19,257	19,257
Cash Assistance:				
School Breakfast Program		10.553	41,052	41,052
National School Lunch Program		10.555	130,235	130,235
Total U.S. Department of Agriculture			<b>190,544</b>	<b>190,544</b>
<b>U.S. DEPARTMENT OF EDUCATION Passed Through Ohio Department of Education</b>				
Title I Grants to Local Educational Agencies	C1-S1 2010	84.010	32,518	44,777
Title I Grants to Local Educational Agencies	C1-S1 2011	84.010	106,293	105,704
Title I Part A Stimulus	ARRA - 2011	84.389	41,877	41,877
Total Title I Grants to Local Agencies Cluster			<b>180,688</b>	<b>192,358</b>
Early Childhood Education	2011	84.173	3,573	3,573
			<b>3,573</b>	<b>3,573</b>
IDEA, Part B Grant	6B-SF-2011	84.027	191,985	191,985
Total IDEA, Part B Grant			<b>191,985</b>	<b>191,985</b>
State Fiscal Stabilization Fund (SFSF)	ARRA	84.394	178,327	178,327
			<b>178,327</b>	<b>178,327</b>
Title II-A Grant	TR-S1-2011	84.367	40,698	40,698
Total Title II-A Grant			<b>40,698</b>	<b>40,698</b>
Education Jobs		84.410	97,355	94,885
			<b>97,355</b>	<b>94,885</b>
Title II-D Grant	TJ-S1-2011	84.318	429	429
Total Title II-D Grant			<b>429</b>	<b>429</b>
Race To The Top 2011	ARRA	84.395	18,473	16,049
			<b>18,473</b>	<b>16,049</b>
<b>Total Department of Education</b>			<b>711,528</b>	<b>718,304</b>
<b>Total Federal Expenditures</b>			<b>\$ 902,073</b>	<b>\$ 908,848</b>

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Columbiana Exempted Village School District (the District's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

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

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# Dave Yost • Auditor of State

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

Columbiana Exempted Village School District  
Columbiana County  
700 Columbiana-Waterford Road  
Columbiana, Ohio 44408

To the Board of Education:

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Columbiana Exempted Village School District, Columbiana County, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 21, 2011, in which we noted the District implemented Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

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

We did note a matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 21, 2011.

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

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

**Dave Yost**  
Auditor of State

November 21, 2011





# Dave Yost • Auditor of State

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

Columbiana Exempted Village School District  
Columbiana County  
700 Columbiana-Waterford Road  
Columbiana, Ohio 44408

To the Board of Education:

### Compliance

We have audited the compliance of Columbiana Exempted Village School District, Columbiana County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Columbiana Exempted Village School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

The District's basic financial statements include the operations of Dixon Early Learning Center, which received \$ 202,314 in federal awards which is not included in the District's Federal Awards Expenditure Schedule for the year ended June 30, 2011. Our audit of Federal awards, described below, did not include the operations of Dixon Early Learning Center because the component unit is legally separate from the primary government which this report addresses, and because it expended less than \$500,000 of Federal awards for the year ended June 30, 2011, it was not subject to OMB Circular A-133 audit requirements.

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

In our opinion, Columbiana Exempted Village School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We also noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated November 21, 2011.

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



**Dave Yost**  
Auditor of State

November 21, 2011

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	State Fiscal Stabilization Fund (CFDA #84.394) Title I (CFDA #84.010) Title I Part A, Stimulus (CFDA #84.389)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Columbiana Exempted School District  
Columbiana County  
700 Columbiana-Waterford Road  
Columbiana, Ohio 44408

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on December 14, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

November 21, 2011

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# Dave Yost • 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  
DECEMBER 27, 2011**