



Dave Yost • Auditor of State



**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

United Local School District  
Columbiana County  
8143 State Route 9  
Hanoverton, Ohio 44423

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the United Local School District, Columbiana County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of United Local School District, Columbiana County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 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 also 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

February 23, 2011

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The management's discussion and analysis of the United Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2010 are as follows:

- In total, net assets of governmental activities decreased \$278,815 which represents a 2.62% decrease from 2009.
- General revenues accounted for \$10,472,957 in revenue or 78.64% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,845,473 or 21.36% of total revenues of \$13,318,430.
- The District had \$13,597,245 in expenses related to governmental activities; \$2,845,473 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,472,957 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and permanent improvement fund. The general fund had \$10,880,793 in revenues and \$10,879,606 in expenditures. During fiscal year 2010, the general fund's fund balance increased \$1,187 from \$2,917,024 to \$2,918,211.
- The District's permanent improvement fund had \$346,184 in revenues and \$206,730 in expenditures. During fiscal year 2010, the permanent improvement fund's fund balance increased \$139,454 from \$735,255 to \$874,709.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 District, presenting both an aggregate view of the 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 as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and permanent improvement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the 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 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, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

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

*Governmental Funds*

Most of the 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 accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the 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 differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

*Proprietary Funds*

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for medical/surgical and dental self-insurance. The basic proprietary fund financial statements can be found on pages 20-22 of this report.



**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

***Reporting the District's Fiduciary Responsibilities***

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets on page 23. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-50 of this report.

**The District as a Whole**

The table below provides a summary of the District's net assets for fiscal years 2010 and 2009.

	<b>Net Assets</b>	
	Governmental Activities 2010	Governmental Activities 2009
<b><u>Assets</u></b>		
Current and other assets	\$ 8,913,547	\$ 8,916,047
Capital assets, net	<u>6,916,237</u>	<u>7,254,776</u>
Total assets	<u>15,829,784</u>	<u>16,170,823</u>
<b><u>Liabilities</u></b>		
Current liabilities	4,130,408	4,264,057
Long-term liabilities	<u>1,355,625</u>	<u>1,284,200</u>
Total liabilities	<u>5,486,033</u>	<u>5,548,257</u>
<b><u>Net assets</u></b>		
Invested in capital assets, net of related debt	6,877,523	7,194,013
Restricted	1,149,073	944,876
Unrestricted	<u>2,317,155</u>	<u>2,483,677</u>
Total net assets	<u>\$ 10,343,751</u>	<u>\$ 10,622,566</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$10,343,751. Of this total, \$2,317,155 is unrestricted in use.

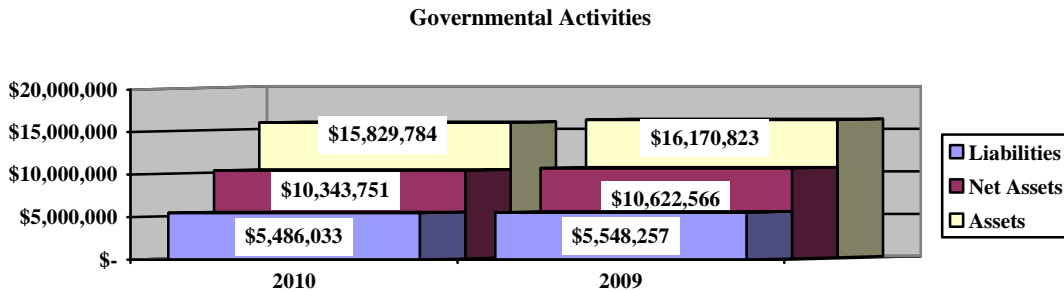
**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

At year-end, capital assets represented 43.69% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$6,877,523. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,149,073, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$2,317,155 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below presents the District's assets, liabilities and net assets at June 30, 2010 and 2009.



The table below shows the change in net assets for fiscal years 2010 and 2009.

**Change in Net Assets**

	Governmental Activities 2010	Governmental Activities 2009
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,195,870	\$ 1,044,094
Operating grants and contributions	1,649,603	1,503,282
Capital grants and contributions	-	48,942
General revenues:		
Property taxes	2,777,790	2,517,097
Income taxes	592,317	646,790
Grants and entitlements	6,862,557	6,673,546
Investment earnings	202,700	233,121
Other	37,593	18,777
Total revenues	<u>13,318,430</u>	<u>12,685,649</u>

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**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Change in Net Assets (Continued)**

	<u>Governmental Activities 2010</u>	<u>Governmental Activities 2009</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 6,024,998	\$ 5,813,208
Special	1,898,543	1,812,802
Vocational	223,559	190,411
Adult/continuing	10,003	12,573
Other	27,321	14,195
Support services:		
Pupil	340,508	330,550
Instructional staff	544,422	507,622
Board of education	62,797	59,360
Administration	938,236	860,837
Fiscal	270,071	280,491
Business	84,480	8,363
Operations and maintenance	1,136,095	1,156,755
Pupil transportation	814,150	769,205
Central	17,496	34,369
Operation of non-instructional services:		
Food service operations	620,105	596,554
Other non-instructional services	1,669	1,197
Extracurricular activities	578,728	543,518
Interest and fiscal charges	<u>4,064</u>	<u>5,754</u>
Total expenses	<u>13,597,245</u>	<u>12,997,764</u>
Change in net assets	(278,815)	(312,115)
Net assets at beginning of year	<u>10,622,566</u>	<u>10,934,681</u>
Net assets at end of year	<u>\$ 10,343,751</u>	<u>\$ 10,622,566</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$278,815. Total governmental expenses of \$13,597,245 were offset by program revenues of \$2,845,473 and general revenues of \$10,472,957. Program revenues supported 20.93% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and unrestricted grants and entitlements. These revenue sources represent 76.83% of total governmental revenue.

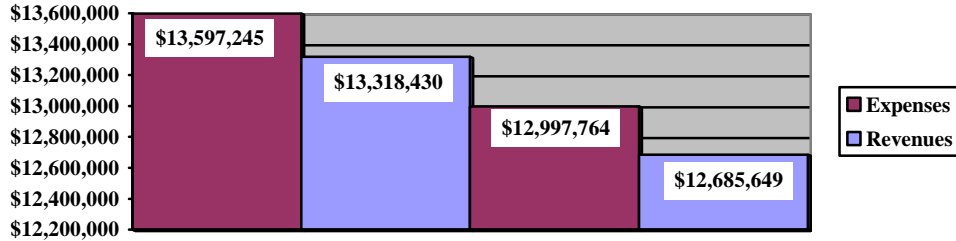
The largest expense of the District is for instructional programs. Instruction expenses totaled \$8,184,424 or 60.19% of total governmental expenses for fiscal year 2010.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2010 and 2009.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table 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 grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
<b>Program expenses</b>				
Instruction:				
Regular	\$ 6,024,998	\$ 5,094,443	\$ 5,813,208	\$ 5,182,185
Special	1,898,543	1,166,005	1,812,802	755,787
Vocational	223,559	157,768	190,411	124,291
Adult/continuing	10,003	8,653	12,573	12,573
Other	27,321	27,321	14,195	14,195
Support services:				
Pupil	340,508	261,892	330,550	324,132
Instructional staff	544,422	531,991	507,622	507,622
Board of education	62,797	62,797	59,360	59,360
Administration	938,236	720,583	860,837	855,170
Fiscal	270,071	270,071	280,491	279,193
Business	84,480	82,975	8,363	(9,089)
Operations and maintenance	1,136,095	1,125,225	1,156,755	1,155,551
Pupil transportation	814,150	810,497	769,205	709,134
Central	17,496	7,900	34,369	23,369
Operation of non-instructional services:				
Food service operations	620,105	39,020	596,554	50,287
Other non-instructional services	1,669	1,019	1,197	628
Extracurricular activities	578,728	379,548	543,518	351,304
Interest and fiscal charges	4,064	4,064	5,754	5,754
<b>Total expenses</b>	<u>\$ 13,597,245</u>	<u>\$ 10,751,772</u>	<u>\$ 12,997,764</u>	<u>\$ 10,401,446</u>

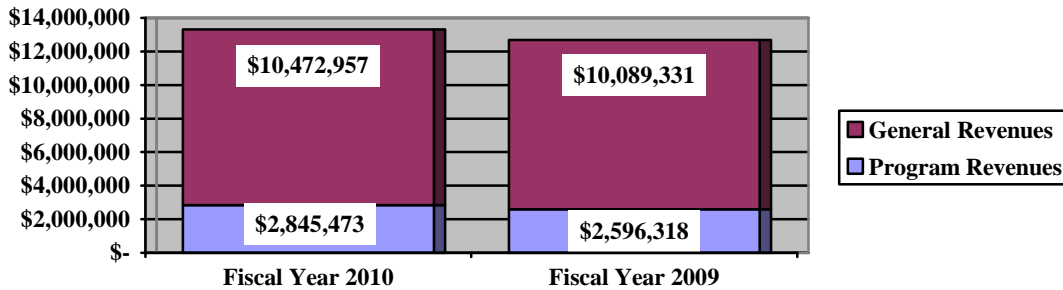
**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The dependence upon tax and other general revenues for governmental activities is apparent, 78.86% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.07%. The District's taxpayers and unrestricted grants and entitlements received from the State are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2010 and 2009.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$3,892,943, which is higher than last year's total of \$3,797,805. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance June 30, 2010	Fund Balance June 30, 2009	Increase (Decrease)	Percentage Change
General	\$ 2,918,211	\$ 2,917,024	\$ 1,187	0.04 %
Permanent improvement	874,709	735,255	139,454	18.97 %
Other governmental	100,023	145,526	(45,503)	(31.27) %
<b>Total</b>	<b>\$ 3,892,943</b>	<b>\$ 3,797,805</b>	<b>\$ 95,138</b>	<b>2.51 %</b>

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

***General Fund***

The District's general fund balance increased \$1,187. The table that follows assists in illustrating the revenues and expenditures of the general fund.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Property taxes	\$ 2,472,124	\$ 2,252,417	\$ 219,707	9.75 %
Income taxes	592,317	646,790	(54,473)	(8.42) %
Tuition	658,450	515,577	142,873	27.71 %
Earnings on investments	168,119	227,229	(59,110)	(26.01) %
Intergovernmental	6,876,689	7,232,184	(355,495)	(4.92) %
Other revenues	<u>113,094</u>	<u>63,385</u>	<u>49,709</u>	78.42 %
Total	<u>\$ 10,880,793</u>	<u>\$ 10,937,582</u>	<u>\$ (56,789)</u>	(0.52) %
<b><u>Expenditures</u></b>				
Instruction	\$ 7,013,387	\$ 7,059,446	\$ (46,059)	(0.65) %
Support services	3,530,859	3,749,905	(219,046)	(5.84) %
Non-instructional services	1,039	618	421	68.12 %
Extracurricular activities	308,056	275,003	33,053	12.02 %
Facilities acquisition and construction	152	855	(703)	(82.22) %
Debt service	<u>26,113</u>	<u>26,113</u>	<u>-</u>	0.00 %
Total	<u>\$ 10,879,606</u>	<u>\$ 11,111,940</u>	<u>\$ (232,334)</u>	(2.09) %

Tuition increased as the District continued its participation in the open enrollment program. Declining interest rates led to a decrease in earning on investments. The decrease in intergovernmental revenues was a result of certain State Foundation revenues being accounted for in the education stabilization special revenue fund (a nonmajor governmental fund) during fiscal year 2010. All other revenues and expenditures remained comparable to the previous fiscal year.

***Permanent Improvement Fund***

The District's permanent improvement fund had \$346,184 in revenues and \$206,730 in expenditures. During fiscal year 2010, the permanent improvement fund's fund balance increased \$139,454 from \$735,255 to \$874,709.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2010, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$11,044,453 and final budgeted revenues and other financing sources were \$10,825,937. Actual revenues and other financing sources for fiscal year 2010 were \$10,846,812. This represents a \$20,875 increase from final budgeted revenues.

General fund original appropriations and other financing uses of \$12,164,162 were decreased to \$11,245,382 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$11,061,475, which was \$183,907 less than the final budget appropriations.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2010, the District had \$6,916,237 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2010 balances compared to 2009:

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2010	2009
Land	\$ 57,872	\$ 57,872
Land improvements	829,580	891,169
Building and improvements	5,069,980	5,273,448
Furniture and equipment	581,845	655,921
Vehicles	376,960	376,366
Total	\$ 6,916,237	\$ 7,254,776

See Note 8 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

During fiscal year 2007, the District entered into a capital lease transaction. The total amount outstanding at June 30, 2010 was \$38,714. Of this amount, \$23,879 is due within one year and the remaining \$14,835 is due in more than one year.

At June 30, 2010, the District's overall legal debt margin was \$11,121,797, and an unvoted debt margin of \$122,643.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Current Financial Related Activities**

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the need to go to the community's citizens for additional levy millage. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a positive cash balance without going to the voters for operating levies since 1991, while continuing a quality, comprehensive educational program.

The Board's five-year projections indicate that the District will require additional operating income beginning in fiscal year 2013. Many factors impact this projection:

- Declining enrollment
- Health insurance premium increases
- Natural gas price increases
- Special education and excess costs increases
- Reduced State aid
- Reduced Local Tax Receipts

Declining enrollment over the past ten years is a trend that has received, and will continue to receive, the attention of the Board and Administration. The Board of Education approved accepting open enrollment students in 2004. While the District still lost funds due to the number of students going open enrollment to other schools, this decision lessened the impact. Unfortunately continued reduced student counts will lead to staffing cuts in the future. This factor negatively impacts the operations of the District.

The District has committed itself to educational and financial excellence for many years. The budgeting and internal controls utilized by the District are well regarded by the Auditor of State, as exemplified by the unqualified audit opinions that have been received. The District is committed to living within its financial means, and working with the community it serves in order to garner adequate resources to support the educational program.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Kathy Davies, Treasurer, United Local School District, 8143 State Route 9, Hanoverton, Ohio 44423.



**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 5,369,878
Cash with fiscal agent . . . . .	515,145
Receivables:	
Taxes . . . . .	2,872,510
Accounts. . . . .	6,868
Intergovernmental . . . . .	116,524
Accrued interest . . . . .	19,787
Prepayments . . . . .	984
Materials and supplies inventory. . . . .	11,851
Capital assets:	
Land . . . . .	57,872
Depreciable capital assets, net. . . . .	6,858,365
Capital assets, net . . . . .	6,916,237
 Total assets. . . . .	 15,829,784
 <b>Liabilities:</b>	
Accounts payable. . . . .	22,526
Claims payable. . . . .	290,474
Accrued wages and benefits . . . . .	1,316,709
Pension obligation payable. . . . .	234,332
Intergovernmental payable . . . . .	31,697
Unearned revenue . . . . .	2,234,670
Long-term liabilities:	
Due within one year. . . . .	238,242
Due in more than one year . . . . .	1,117,383
 Total liabilities . . . . .	 5,486,033
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	6,877,523
Restricted for:	
Capital projects . . . . .	892,974
Debt service. . . . .	83,962
State funded programs. . . . .	5,491
Federally funded programs . . . . .	73,525
Public school support . . . . .	11,952
Student activities . . . . .	19,023
Other purposes . . . . .	62,146
Unrestricted . . . . .	2,317,155
 Total net assets . . . . .	 \$ 10,343,751

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 6,024,998	\$ 717,884	\$ 212,671	\$ (5,094,443)
Special . . . . .	1,898,543	1,600	730,938	(1,166,005)
Vocational . . . . .	223,559	-	65,791	(157,768)
Adult/continuing. . . . .	10,003	-	1,350	(8,653)
Other . . . . .	27,321	-	-	(27,321)
Support services:				
Pupil. . . . .	340,508	-	78,616	(261,892)
Instructional staff . . . . .	544,422	-	12,431	(531,991)
Board of education . . . . .	62,797	-	-	(62,797)
Administration. . . . .	938,236	-	217,653	(720,583)
Fiscal. . . . .	270,071	-	-	(270,071)
Business. . . . .	84,480	1,505	-	(82,975)
Operations and maintenance . . . . .	1,136,095	10,870	-	(1,125,225)
Pupil transportation. . . . .	814,150	-	3,653	(810,497)
Central . . . . .	17,496	-	9,596	(7,900)
Operation of non-instructional services:				
Food service operations . . . . .	620,105	276,127	304,958	(39,020)
Other non-instructional services . . . . .	1,669	-	650	(1,019)
Extracurricular activities. . . . .	578,728	187,884	11,296	(379,548)
Interest and fiscal charges . . . . .	4,064	-	-	(4,064)
<b>Total governmental activities . . . . .</b>	<b>\$ 13,597,245</b>	<b>\$ 1,195,870</b>	<b>\$ 1,649,603</b>	<b>(10,751,772)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	2,482,512
Capital projects. . . . .	295,278
School district income tax. . . . .	592,317
Grants and entitlements not restricted to specific programs . . . . .	6,862,557
Investment earnings . . . . .	202,700
Miscellaneous . . . . .	37,593

Total general revenues . . . . . 10,472,957

Change in net assets . . . . . (278,815)

**Net assets at beginning of year. . . . .** 10,622,566

**Net assets at end of year . . . . .** \$ 10,343,751

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 3,935,161	\$ 850,195	\$ 243,575	\$ 5,028,931
Receivables:				
Taxes. . . . .	2,587,030	285,480	-	2,872,510
Accounts. . . . .	6,793	-	75	6,868
Intergovernmental . . . . .	1,571	-	114,953	116,524
Accrued interest . . . . .	19,787	-	-	19,787
Prepayments. . . . .	984	-	-	984
Materials and supplies inventory. . . . .	-	-	11,851	11,851
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	62,146	-	-	62,146
Total assets . . . . .	<u>\$ 6,613,472</u>	<u>\$ 1,135,675</u>	<u>\$ 370,454</u>	<u>\$ 8,119,601</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 15,978	\$ -	\$ 6,548	\$ 22,526
Accrued wages and benefits. . . . .	1,164,684	-	152,025	1,316,709
Compensated absences payable . . . . .	133,009	-	-	133,009
Pension obligation payable . . . . .	195,986	-	38,346	234,332
Intergovernmental payable . . . . .	27,929	-	3,768	31,697
Deferred revenue . . . . .	168,736	18,265	66,714	253,715
Unearned revenue. . . . .	1,988,939	242,701	3,030	2,234,670
Total liabilities. . . . .	<u>3,695,261</u>	<u>260,966</u>	<u>270,431</u>	<u>4,226,658</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	56,120	253	14,471	70,844
Reserved for materials and supplies inventory . . . . .	-	-	11,851	11,851
Reserved for prepayments. . . . .	984	-	-	984
Reserved for debt service . . . . .	-	-	83,962	83,962
Reserved for property tax unavailable for appropriation . . . . .	211,443	24,514	-	235,957
Reserved for budget stabilization . . . . .	62,146	-	-	62,146
Unreserved:				
Designated for underground storage tanks . . . . .	11,000	-	-	11,000
Designated for budget stabilization. . . . .	97,257	-	-	97,257
Unreserved, undesignated, (deficit) reported in:				
General fund. . . . .	2,479,261	-	-	2,479,261
Special revenue funds . . . . .	-	-	(10,261)	(10,261)
Capital projects funds . . . . .	-	849,942	-	849,942
Total fund balances . . . . .	<u>2,918,211</u>	<u>874,709</u>	<u>100,023</u>	<u>3,892,943</u>
Total liabilities and fund balances . . . . .	<u>\$ 6,613,472</u>	<u>\$ 1,135,675</u>	<u>\$ 370,454</u>	<u>\$ 8,119,601</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010

<b>Total governmental fund balances</b>		\$	3,892,943
<i>Amounts reported for governmental activities on 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.			6,916,237
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	172,521	
Accounts receivable		1,571	
Intergovernmental receivable		66,714	
Accrued interest receivable		12,909	
Total		253,715	
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.			503,472
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(1,183,902)	
Capital lease payable		(38,714)	
Total		(1,222,616)	
<b>Net assets of governmental activities</b>		\$	10,343,751

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,472,124	\$ 294,266	\$ -	\$ 2,766,390
Income taxes . . . . .	592,317	-	-	592,317
Tuition . . . . .	658,450	-	-	658,450
Transportation fees . . . . .	21,847	-	-	21,847
Earnings on investments . . . . .	168,119	-	1,452	169,571
Charges for services . . . . .	-	-	276,052	276,052
Extracurricular . . . . .	5,168	-	182,791	187,959
Classroom materials and fees . . . . .	36,937	-	-	36,937
Other local revenues . . . . .	49,142	1,505	11,296	61,943
Intergovernmental - State . . . . .	6,872,730	50,413	16,575	6,939,718
Intergovernmental - Federal . . . . .	3,959	-	1,489,021	1,492,980
Total revenue . . . . .	<u>10,880,793</u>	<u>346,184</u>	<u>1,977,187</u>	<u>13,204,164</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,554,293	-	234,448	5,788,741
Special . . . . .	1,216,926	-	635,640	1,852,566
Vocational . . . . .	206,153	-	-	206,153
Adult/continuing . . . . .	8,694	-	1,309	10,003
Other . . . . .	27,321	-	-	27,321
Support services:				
Pupil . . . . .	237,235	-	89,375	326,610
Instructional staff . . . . .	516,232	-	14,506	530,738
Board of education . . . . .	61,572	-	-	61,572
Administration . . . . .	663,580	-	250,483	914,063
Fiscal . . . . .	259,690	6,721	-	266,411
Business . . . . .	-	126,515	-	126,515
Operations and maintenance . . . . .	1,074,142	-	-	1,074,142
Pupil transportation . . . . .	708,348	70,294	3,145	781,787
Central . . . . .	10,060	-	6,358	16,418
Operation of non-instructional services:				
Food service operations . . . . .	-	-	591,178	591,178
Other non-instructional services . . . . .	1,039	-	630	1,669
Extracurricular activities . . . . .	308,056	-	195,618	503,674
Facilities acquisition and construction . . . . .	152	3,200	-	3,352
Debt service:				
Principal retirement . . . . .	22,049	-	-	22,049
Interest and fiscal charges . . . . .	4,064	-	-	4,064
Total expenditures . . . . .	<u>10,879,606</u>	<u>206,730</u>	<u>2,022,690</u>	<u>13,109,026</u>
Net change in fund balances . . . . .	1,187	139,454	(45,503)	95,138
<b>Fund balances at beginning of year . . . . .</b>	<u>2,917,024</u>	<u>735,255</u>	<u>145,526</u>	<u>3,797,805</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 2,918,211</u>	<u>\$ 874,709</u>	<u>\$ 100,023</u>	<u>\$ 3,892,943</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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, 2010

<b>Net change in fund balances - total governmental funds</b>	\$	95,138
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 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 depreciation expense exceeded capital outlays in the current period.		
Capital asset additions	\$ 140,790	
Current year depreciation	<u>(474,812)</u>	
Total		(334,022)
 The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(4,517)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	11,400	
Other revenue	1,571	
Intergovernmental revenue	66,714	
Interest revenue	<u>(642)</u>	
Total		79,043
 Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		22,049
 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.		
		(35,155)
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(101,351)</u>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u><u>(278,815)</u></u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,362,803	\$ 2,315,773	\$ 2,316,322	\$ 549
Income taxes. . . . .	622,388	610,000	610,805	805
Tuition. . . . .	671,384	657,850	658,426	576
Transportation fees. . . . .	20,406	20,000	20,935	935
Earnings on investments . . . . .	130,989	128,382	141,523	13,141
Extracurricular. . . . .	3,400	4,200	4,575	375
Classroom materials and fees . . . . .	38,128	35,144	36,789	1,645
Other local revenues . . . . .	37,166	36,425	37,479	1,054
Intergovernmental - State . . . . .	7,010,758	6,871,213	6,872,730	1,517
Intergovernmental - Federal . . . . .	4,081	4,000	3,959	(41)
Total revenues . . . . .	<u>10,901,503</u>	<u>10,682,987</u>	<u>10,703,543</u>	<u>20,556</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	6,073,074	5,609,173	5,530,453	78,720
Special. . . . .	1,357,624	1,254,237	1,211,746	42,491
Vocational. . . . .	223,967	206,911	206,458	453
Adult/continuing . . . . .	12,011	11,090	11,797	(707)
Other. . . . .	28,965	26,759	27,836	(1,077)
Support services:				
Pupil. . . . .	285,317	263,589	253,809	9,780
Instructional staff . . . . .	570,690	527,230	525,367	1,863
Board of education . . . . .	74,787	69,092	60,306	8,786
Administration. . . . .	785,599	725,774	694,366	31,408
Fiscal . . . . .	284,901	263,205	261,612	1,593
Business . . . . .	-	-	-	-
Operations and maintenance. . . . .	1,220,412	1,127,474	1,115,403	12,071
Pupil transportation . . . . .	776,267	717,152	710,905	6,247
Central. . . . .	12,163	11,237	11,353	(116)
Operation of non-instructional services:				
Other non-instructional services . . . . .	1,100	1,100	1,039	61
Extracurricular activities. . . . .	323,069	297,159	304,873	(7,714)
Facilities acquisition and construction . . . . .	216	200	152	48
Total expenditures . . . . .	<u>12,030,162</u>	<u>11,111,382</u>	<u>10,927,475</u>	<u>183,907</u>
Excess of expenditures over revenues. . . . .	<u>(1,128,659)</u>	<u>(428,395)</u>	<u>(223,932)</u>	<u>204,463</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditures . . . . .	1,000	1,000	1,063	63
Advances in. . . . .	134,000	134,000	134,000	-
Advances (out) . . . . .	(134,000)	(134,000)	(134,000)	-
Sale of assets . . . . .	7,950	7,950	8,206	256
Total other financing sources (uses) . . . . .	<u>8,950</u>	<u>8,950</u>	<u>9,269</u>	<u>319</u>
Net change in fund balance . . . . .	(1,119,709)	(419,445)	(214,663)	204,782
<b>Fund balance at beginning of year . . . . .</b>	<b>4,035,430</b>	<b>4,035,430</b>	<b>4,035,430</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>53,525</b>	<b>53,525</b>	<b>53,525</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<u><b>\$ 2,969,246</b></u>	<u><b>\$ 3,669,510</b></u>	<u><b>\$ 3,874,292</b></u>	<u><b>\$ 204,782</b></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2010

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 278,801
Cash with fiscal agent . . . . .	<u>515,145</u>
 Total assets. . . . .	 <u>793,946</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>290,474</u>
 Total liabilities . . . . .	 <u>290,474</u>
<b>Net assets:</b>	
Unrestricted. . . . .	<u>503,472</u>
 Total net assets . . . . .	 <u><u>\$ 503,472</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services. . . . .	\$ 2,533,485
Total operating revenues . . . . .	<u>2,533,485</u>
<b>Operating expenses:</b>	
Claims . . . . .	2,633,196
Other. . . . .	<u>36,863</u>
Total operating expenses. . . . .	<u>2,670,059</u>
Operating loss . . . . .	<u>(136,574)</u>
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	<u>35,223</u>
Total nonoperating revenues. . . . .	<u>35,223</u>
Change in net assets. . . . .	(101,351)
<b>Net assets at beginning of year . . . . .</b>	<u>604,823</u>
<b>Net assets at end of year. . . . .</b>	<u><u>\$ 503,472</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 2,533,485
Cash payments for claims . . . . .	(2,556,192)
Cash payments for other expenses . . . . .	(36,863)
	(59,570)
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	35,223
	35,223
Net cash provided by investing activities . . . . .	35,223
Net decrease in cash and cash equivalents . . . . .	(24,347)
<b>Cash and cash equivalents at beginning of year . . .</b>	818,293
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 793,946</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (136,574)
Changes in assets and liabilities:	
Increase in claims payable . . . . .	77,004
	77,004
Net cash used in operating activities . . . . .	<u><u>\$ (59,570)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 88,371
<b>Receivables:</b>	
Accounts . . . . .	2,211
Intergovernmental. . . . .	98,440
 Total assets. . . . .	 \$ 189,022
 <b>Liabilities:</b>	
Accounts payable. . . . .	\$ 660
Intergovernmental payable . . . . .	65,877
Due to students. . . . .	122,485
 Total liabilities . . . . .	 \$ 189,022

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

United Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.01 of the Ohio Revised Code.

The District is located in Columbiana County and encompasses the Village of Hanoverton, Butler Township, West Township, Franklin Township and Salem Township.

The District ranks as the 400<sup>th</sup> largest by total enrollment among the 905 public and community school districts in the State. The District operates under a locally-elected five-member Board form of government. Each member is elected to a four year term. The District provides educational services as authorized and mandated by State and federal agencies. The Board of Education controls the District's one instructional/support facility staffed by 43 non-certified employees and 99 certified employees who provide services to 1,309 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Area Cooperative Computerized Education Service System (ACCESS)

The Area Cooperative Education Service System (ACCESS) 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 member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo, Suite 105, Youngstown, Ohio 44512.

Columbiana County Career Center

The Columbiana County Career Center is a jointly governed organization to provide for the vocational and special education needs of the students of eight participating school districts. The Career Center's Board of Education members are appointed by the local Boards of Education from one of its elected members. The Career Center Board of Education exercises total control over its operations, including budgeting, appropriating, contracting, and designating management. All revenues are generated from tax levies, State funding and fees. Financial information can be obtained by writing to the Columbiana County Career Center, 9364 State Route 45, Lisbon, Ohio 44432.

*PUBLIC ENTITY RISK POOLS*

Ohio Association School Business Officials Workers' Compensation Group Rating Program

The District participates in a group rating program for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Program (the "Program") was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program. Refer to Note 12 for further information on this group rating plan.

**B. Fund Accounting**

The 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. There are three categories of funds: governmental, proprietary and fiduciary.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*GOVERNMENTAL FUNDS*

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

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

*Permanent improvement fund* - The permanent improvement capital projects fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Ohio Revised Code Chapter 5705.

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

*PROPRIETARY FUND*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

*Internal service fund* - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical/surgical and dental benefits to employees.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District does not have any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Basis of Presentation and Measurement Focus**

*Government-wide Financial Statements* - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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 a reconciliation 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 fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund is charges for sales and services. Operating expenses for internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.



**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements 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.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2010, 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 entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

*Tax Budget:* Prior to January 15, the Superintendent and the Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Columbiana County Budget Commission for rate determination.

*Estimated Resources:* Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final amended certificates of estimated resources issued during fiscal year 2010.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Appropriations: Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate of estimated resources is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted during fiscal year 2010; however, none of the amendments were significant.

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

Encumbrances: As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2010, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable certificates of deposits, federal agency securities and money market mutual funds. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2010. 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.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2010.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$168,119, which includes \$36,313 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000. 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. The District does not possess infrastructure.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the statement of net assets. There were no interfund loans outstanding at fiscal year-end.

**J. Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”. Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. The liability is an estimate based on the District’s past experience of making termination (severance) payments for sick leave.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2010 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. 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 proprietary 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 payment during the current year. Capital leases are recognized as a liability on the fund financial statements when due.

**L. Fund Balance Reserves and Designations**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, debt service, property tax revenue unavailable for appropriation and budget stabilization. The reserve for property tax unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

Designations represent tentative plans for future use of financial resources. A designation has been established for underground storage tanks and for budget stabilization.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes represent amounts restricted for underground storage tanks and budget stabilization.

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**O. Estimates**

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

**P. Restricted Assets**

Restricted assets in the general fund represent cash and investments set-aside to establish a budget stabilization reserve. These reserves are required by State statute. A schedule of statutory reserves is presented in Note 17.

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2010 included the following individual fund deficit:

<u>Nonmajor funds</u>	<u>Deficit</u>
Education stabilization	\$ 70,425
Improving teacher quality	700

The general fund is liable for the deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

Interim monies may be deposited or invested in the following securities:

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



**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash with Fiscal Agent**

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2010 was \$515,145.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Cash on Hand**

The District had \$220 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

**C. Deposits with Financial Institutions**

At June 30, 2010, the carrying amount of all District deposits was \$130,127. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2010, \$23,809 of the District’s bank balance of \$273,809 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**D. Investments**

As of June 30, 2010, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Negotiable certificates of deposit	\$ 1,220,335	\$ 199,612	\$ 201,953	\$ 100,993	\$ 105,450	\$ 612,327
FHLB	1,507,941	-	-	-	-	1,507,941
FHLM	252,763	-	-	-	-	252,763
FNMA	1,270,995	215,135	-	-	-	1,055,860
Money market mutual fund	327,277	327,277	-	-	-	-
STAR Ohio	748,591	748,591	-	-	-	-
Total	<u>\$ 5,327,902</u>	<u>\$ 1,490,615</u>	<u>\$ 201,953</u>	<u>\$ 100,993</u>	<u>\$ 105,450</u>	<u>\$ 3,428,891</u>

The average maturity of investments is 2.99 years.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* The District's investments in federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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

The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable certificates		
of deposit	\$ 1,220,335	22.90
FHLB	1,507,941	28.30
FHLM	252,763	4.74
FNMA	1,270,995	23.87
Money market		
mutual fund	327,277	6.14
STAR Ohio	<u>748,591</u>	<u>14.05</u>
Total	<u>\$ 5,327,902</u>	<u>100.00</u>

**E. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 130,127
Investments	5,327,902
Cash with fiscal agent	515,145
Cash on hand	<u>220</u>
Total	<u>\$ 5,973,394</u>

**UNITED LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 5,885,023
Agency funds	<u>88,371</u>
Total	<u>\$ 5,973,394</u>

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. 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. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$211,443 in the general fund and \$24,514 in the permanent improvement capital projects fund. This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$55,641 in the general fund and \$6,406 in the permanent improvement capital projects fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 5 - PROPERTY TAXES - (Continued)**

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 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 unearned revenue.

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 116,935,400	92.93	\$ 118,978,750	93.59
Public utility personal	7,649,080	6.08	7,518,885	5.92
Tangible personal property	<u>1,251,110</u>	<u>0.99</u>	<u>625,555</u>	<u>0.49</u>
<b>Total</b>	<b><u>\$ 125,835,590</u></b>	<b><u>100.00</u></b>	<b><u>\$ 127,123,190</u></b>	<b><u>100.00</u></b>
Tax rate per \$1,000 of assessed valuation	\$30.60		\$30.60	

**NOTE 6 - INCOME TAX**

The District levies a voted tax of one-half percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue of \$592,317 has been credited to the general fund.

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2010 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 2,872,510
Accounts	6,868
Intergovernmental	116,524
Accrued interest	<u>19,787</u>
Total	<u>\$ 3,015,689</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance 6/30/09	Additions	Deductions	Balance 6/30/10
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 57,872	\$ -	\$ -	\$ 57,872
Total capital assets, not being depreciated	<u>57,872</u>	<u>-</u>	<u>-</u>	<u>57,872</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,635,320	20,961	-	1,656,281
Buildings and improvements	9,917,692	11,057	-	9,928,749
Furniture and equipment	1,580,013	23,662	-	1,603,675
Vehicles	<u>1,003,767</u>	<u>85,110</u>	<u>(14,455)</u>	<u>1,074,422</u>
Total capital assets, being depreciated	<u>14,136,792</u>	<u>140,790</u>	<u>(14,455)</u>	<u>14,263,127</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(744,151)	(82,550)	-	(826,701)
Buildings and improvements	(4,644,244)	(214,525)	-	(4,858,769)
Furniture and equipment	(924,092)	(97,738)	-	(1,021,830)
Vehicles	<u>(627,401)</u>	<u>(79,999)</u>	<u>9,938</u>	<u>(697,462)</u>
Total accumulated depreciation	<u>(6,939,888)</u>	<u>(474,812)</u>	<u>9,938</u>	<u>(7,404,762)</u>
Governmental activities capital assets, net	<u>\$ 7,254,776</u>	<u>\$ (334,022)</u>	<u>\$ (4,517)</u>	<u>\$ 6,916,237</u>

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 8 - CAPITAL ASSETS- (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 176,934
Special	15,508
Vocational	14,429
 <u>Support services:</u>	
Pupil	6,513
Instructional staff	7,549
Administration	11,046
Fiscal	2,004
Operations and maintenance	65,834
Pupil transportation	83,373
Central	1,078
 Extracurricular activities	 72,684
Food service operations	17,860
Total depreciation expense	<u><u>\$ 474,812</u></u>

**NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE**

During fiscal year 2007, the District entered into a capitalized lease for copier equipment. This lease agreement meets the criteria of capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General capital assets acquired by lease have been capitalized in the amount of \$107,519, which is equal to the present value of the future minimum payments as of the date of their inception. Accumulated depreciation as of June 30, 2010 was \$75,263 leaving a current book value of \$32,256. A corresponding liability was recorded and is presented as a component of long-term liabilities on the statement of net assets. Principal payments in fiscal year 2010 totaled \$22,049 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2010:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 26,113
2012	<u>15,233</u>
Total minimum lease payments	41,346
Less: interest	<u>(2,632)</u>
Present value	<u><u>\$ 38,714</u></u>

**UNITED LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 10 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2010, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding <u>6/30/09</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>6/30/10</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 1,223,437	\$ 275,793	\$ (182,319)	\$ 1,316,911	\$ 214,363
Capital lease obligation	<u>60,763</u>	<u>-</u>	<u>(22,049)</u>	<u>38,714</u>	<u>23,879</u>
Total long-term obligations, governmental activities	<u>\$ 1,284,200</u>	<u>\$ 275,793</u>	<u>\$ (204,368)</u>	<u>\$ 1,355,625</u>	<u>\$ 238,242</u>

Compensated absences - Compensated absences will be paid from the fund from which the person is paid which, for the District, is primarily the general fund and the food service fund (a nonmajor governmental fund).

Capital lease obligation - The capital lease obligation will be paid from the general fund (see Note 9).

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$11,121,797 (including available funds of \$83,962) and an unvoted debt margin of \$122,643.

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn up to twenty days of vacation per year, depending upon length of service. Vacation days are credited to administrators on the anniversary of their employment. Classified employees are credited monthly. Vacation days must be used within the next twelve months. Five days can be carried over to the next school year. Accumulated unused vacation time is paid to administrators and classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. The number of unused sick days which can accumulate is restricted per negotiated agreement.



**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 12 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees and natural disasters. During fiscal year 2010, the District contracted with Indiana Insurance Company for property, boiler and inland marine insurance. This risk policy has a \$1,000 deductible.

General liability is protected by the Harcum-Hyre Insurance Company with a \$1,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible. Vehicles, including school buses, are covered by the Auto Owner's Insurance Company and hold a \$1,000 deductible for comprehensive and collision. There is a \$1,000,000 combined single limit of liability.

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

**B. OASBO Group Workers' Compensation Rating Program**

The District participates in the Ohio Association of School Business Official Workers' Compensation Group Rating Program (the "Program"), an insurance purchasing pool (Note 2.A.). The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. Participants in the Program are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for the Program tier rather than its individual rate. Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the Program.

**C. Employee Medical Benefits**

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool (Omeresa Consortium), consisting of several Districts within the Eastern Region, in which monthly premiums are paid to the Consortium who in turn pays the claims on the District's behalf. A third party administrator (Professional Risk Management) handles the claims.

The liability for unpaid claims of \$290,474 reported in the internal service fund at June 30, 2010, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The claims liability is based on an estimate supplied by the District's third party administrator. Changes in the fund's claims liability for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2010	\$ 213,470	\$ 2,633,196	\$ (2,556,192)	\$ 290,474
2009	232,563	2,018,999	(2,038,092)	213,470

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [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 District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$132,024, \$91,317 and \$92,120, respectively; 51.41 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to 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 times 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**UNITED LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 13 - PENSION PLANS - (Continued)**

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

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$738,823, \$723,566 and \$724,673, respectively; 83.25 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$12,652 made by the District and \$9,037 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

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 Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$25,939, \$57,739 and \$62,381, respectively; 51.41 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$7,851, \$7,534 and \$6,638, respectively; 51.41 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$56,833, \$55,659 and \$55,744, respectively; 83.25 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**UNITED LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While 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, cash disbursements and encumbrances.

The statement of revenue, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advance-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (214,663)
Net adjustment for revenue accruals	177,250
Net adjustment for expenditure accruals	(23,312)
Net adjustment for other sources/uses	(9,269)
Adjustment for encumbrances	<u>71,181</u>
GAAP basis	<u><u>\$ 1,187</u></u>

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local 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 of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not party to legal proceedings that would have a material effect, if any, on the financial condition of the District.

**NOTE 17 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	Instructional Materials/ <u>Textbooks</u>	Capital <u>Acquisition</u>	Budget <u>Stabilization</u>
Set-aside balance as of June 30, 2009	\$ (59,204)	\$ (1,099,132)	\$ 62,146
Current year set-aside requirement	214,580	214,580	-
Qualifying disbursements	<u>(168,454)</u>	<u>(368,981)</u>	<u>-</u>
Total	<u>\$ (13,078)</u>	<u>\$ (1,253,533)</u>	<u>\$ 62,146</u>
Balance carried forward to fiscal year 2011	<u>\$ (13,078)</u>	<u>\$ (1,253,533)</u>	<u>\$ 62,146</u>

The District has qualifying disbursements during the year that reduced the set-aside amount below zero for the textbooks/instructional materials reserve and capital acquisition reserve. This extra amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year.

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. Monies set-aside by the School Board for budget stabilization is reported as a designation of fund balance in the general fund. The balance in the budget stabilization designation at June 30, 2010 was \$97,257.

Amounts restricted for budget stabilization	<u>\$ 62,146</u>
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UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education:</i>			
<b>Nutrition Cluster:</b>			
National School Breakfast Program	10.553	59,592	59,592
National School Lunch Program	10.555	252,745	252,745
<b>Total Nutrition Cluster Grant</b>		312,337	312,337
Team Nutrition Mini Grant	10.574	2,000	1,939
<b>Total Department of Agriculture</b>		314,337	314,276
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
<b>Title 1, Part A Cluster:</b>			
Title 1 Grants to Local Educational Agencies	84.010	234,340	269,559
Grants to Local Educational Agencies - Recovery Act	ARRA - FY10 84.389	41,342	26,830
<b>Total Title I, Part A Cluster</b>		275,682	296,389
<b>Special Education Cluster:</b>			
Special Education Grants to States (IDEA, Part B) Recovery Act	ARRA - FY10 84.391	110,748	93,781
Safe and Drug Free Schools and Communities - State Grants	84.186	4,535	4,535
Education Technology State Grants (Title II-D)	84.318	2,182	2,182
Improving Teacher Quality State Grants (Title II)	84.367	72,245	79,311
State Fiscal Stabilization Fund	ARRA - FY10 84.394	421,896	421,896
<b>Total Department of Education</b>		887,288	898,094
<b>Totals</b>		<b>\$1,201,625</b>	<b>\$1,212,370</b>

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

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.





# 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

United Local School District  
Columbiana County  
8143 State Route 9  
Hanoverton, Ohio 44423

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the United Local School District, Columbiana County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 23, 2011. 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 opinions 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 Service Center'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 Government'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 certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 23, 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 "Y" and "O".

**Dave Yost**  
Auditor of State

February 23, 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

United Local School District  
Columbiana County  
8143 State Route 9  
Hanoverton, Ohio 44423

To the Board of Education:

### Compliance

We have audited the compliance of the United Local School District (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 the District's major federal programs for the year ended June 30, 2010. 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.

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, the 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, 2010.

### 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 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.

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

February 23, 2011

**UNITED LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010**

**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):	Title I, Part A Cluster (84.010 Grants to Local Educational Agencies), 84.389 Grants to Local Educational Agencies – Recovery Act and 84.394 State Fiscal Stabilization Fund.
<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?	No

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**UNITED LOCAL SCHOOL DISTRICT**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 31, 2011**