

***COLUMBIA LOCAL SCHOOL DISTRICT***

***LORAIN COUNTY***

**Audit Report**

**For the Year Ended June 30, 2012**

***CHARLES E. HARRIS & ASSOCIATES, INC.***  
Certified Public Accountants and Government Consultants





# Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Columbia Local School District, Lorain County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Columbia Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

January 22, 2013

**This page intentionally left blank.**

COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY  
AUDIT REPORT  
For the Year Ending June 30, 2012

TABLE OF CONTENTS

| TITLE  | PAGE  |
|--|-------|
| Report of Independent Accountants.....   | 1-2   |
| Management's Discussion and Analysis.....  | 3-12  |
| <b>Basic Financial Statements:</b>   |       |
| <b>Government-Wide Financial Statements:</b>   |       |
| Statement of Net Assets.....   | 13    |
| Statement of Activities.....   | 14    |
| <b>Fund Financial Statements:</b>  |       |
| Balance Sheet - Governmental Funds.....  | 15    |
| Reconciliation of Total Governmental Fund Balances to Net Asset of Governmental Activities.....  | 16    |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....  | 17    |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes<br>in Fund Balances of Governmental Funds to the Statement of Activities.....   | 18    |
| Statement of Revenues, Expenditures and Changes in Fund Balance-<br>Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....   | 19    |
| Statement of Fiduciary Assets and Liabilities- Agency Funds.....   | 20    |
| Notes to the Basic Financial Statements.....   | 21-50 |
| Schedule of Federal Award Expenditures.....  | 51    |
| Notes to the Schedule of Federal Award Expenditures .....  | 52    |
| Independent Accountants' Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> .....                      | 53-54 |
| Independent Accountant's Report on Compliance With Requirements<br>Applicable to Each Major Federal Program and on Internal<br>Control Over Compliance Required by <i>OMB Circular A-133</i> ..... | 55-56 |
| Schedule of Findings .....   | 57    |
| Schedule of Prior Audit Findings.....  | 58    |

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

REPORT OF INDEPENDENT ACCOUNTANTS

Columbia Local School District  
Lorain County  
25796 Royalton Road  
Columbia Station, OH 44028

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 Columbia Local School District, Lorain County, Ohio, (the District), as of and for the year ended June 30, 2012, 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 that 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 the Columbia Local School District, Lorain County, Ohio, as of June 30, 2012, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 20, the District is experiencing certain financial difficulties. Note 20 describes management's plans to address these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2012, on our consideration of the District's internal control over financial reporting and on 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 schedule of federal awards expenditures provides additional information as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of federal award expenditures 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, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Charles Harris Associates*

**Charles E. Harris & Associates, Inc.**

December 7, 2012

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The management's discussion and analysis of the Columbia 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, 2012. 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 the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- In total, net assets of governmental activities decreased \$980,544 or 37.96%.
- General revenues accounted for \$9,404,572 in revenue or 86.70% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$1,442,659 or 13.30% of total revenues of \$10,847,231.
- The District had \$11,827,775 in expenses related to governmental activities; only \$1,442,659 of these expenses were offset by program specific charges for services, operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$9,404,572 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the permanent improvement fund. The general fund had \$9,516,735 in revenues and other financing sources and \$10,530,171 in expenditures and other financing uses. During fiscal year 2012, the general fund's fund balance decreased \$1,013,436 from a fund balance of \$620,583 to a deficit of \$392,853.
- The Permanent Improvement fund had \$7,571,697 in revenues and other financing sources and \$6,131,974 in expenditures and other financing uses. During fiscal year 2012, the permanent improvement fund's fund balance increased \$1,439,723 from a deficit of \$112,491 to a fund balance of \$1,327,232.

**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 the most significant funds, and the only governmental funds reported as major funds.



**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**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 2012?" 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, food service operations, extracurricular activities, and interest and fiscal charges.

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 fund 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.

*Reporting the District's Fiduciary Responsibilities*

The District acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary assets and liabilities on page 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

***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 21-50 of this report.

**The District as a Whole**

The table below provides a summary of the District's net assets for fiscal years 2012 and 2011:

|  | <b>Net Assets</b>          |                            |
|--|----------------------------|----------------------------|
|  | Governmental<br>Activities | Governmental<br>Activities |
|  | <u>2012</u>                | <u>2011</u>                |
| <b><u>Assets</u></b>                               |                            |                            |
| Current and other assets                           | \$ 9,081,351               | \$ 14,193,344              |
| Capital assets, net                                | <u>8,472,989</u>           | <u>2,636,461</u>           |
| Total assets                                       | <u>17,554,340</u>          | <u>16,829,805</u>          |
| <b><u>Liabilities</u></b>                          |                            |                            |
| Current liabilities                                | 7,492,393                  | 7,294,736                  |
| Long-term liabilities                              | <u>8,459,145</u>           | <u>6,951,723</u>           |
| Total liabilities                                  | <u>15,951,538</u>          | <u>14,246,459</u>          |
| <b><u>Net Assets</u></b>                           |                            |                            |
| Invested in capital<br>assets, net of related debt | 1,071,926                  | 2,571,366                  |
| Restricted   | 1,731,441                  | 328,390                    |
| Unrestricted (deficit)                             | <u>(1,200,565)</u>         | <u>(316,410)</u>           |
| Total net assets                                   | <u>\$ 1,602,802</u>        | <u>\$ 2,583,346</u>        |

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$1,602,802.

At year-end, capital assets represented 48.27% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Invested in capital assets, net of related debt to acquire the assets at June 30, 2012, were \$1,071,926. 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.

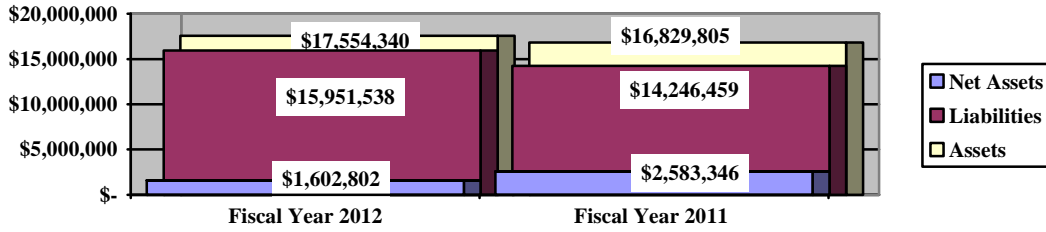
A portion of the District's net assets, \$1,731,441, represents resources that are subject to external restriction on how they may be used.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The table below provides a summary of the District's net assets for fiscal years 2012 and 2011:

**Governmental Activities**



The table below shows the change in net assets for fiscal years 2012 and 2011.

**Change in Net Assets**

|                                    | Governmental<br>Activities<br>2012 | Governmental<br>Activities<br>2011 |
|------------------------------------|------------------------------------|------------------------------------|
| <b><u>Revenues</u></b>             |                                    |                                    |
| Program revenues:                  |                                    |                                    |
| Charges for services and sales     | \$ 895,485                         | \$ 900,543                         |
| Operating grants and contributions | 547,174                            | 1,087,261                          |
| General revenues:                  |                                    |                                    |
| Property taxes                     | 6,225,242                          | 6,154,919                          |
| Grants and entitlements            | 3,098,745                          | 3,268,289                          |
| Investment earnings                | 8,192                              | 4,220                              |
| Other                              | 72,393                             | 150,525                            |
| Total revenues                     | <u>\$ 10,847,231</u>               | <u>\$ 11,565,757</u>               |

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Change in Net Assets**

|                                  | <u>Governmental<br/>Activities<br/>2012</u> | <u>Governmental<br/>Activities<br/>2011</u> |
|----------------------------------|---|---|
| <b><u>Expenses</u></b>           |   |   |
| Program expenses:                |   |   |
| Instruction:                     |   |   |
| Regular                          | \$ 4,626,958                                | \$ 4,647,012                                |
| Special                          | 1,137,677                                   | 1,014,655                                   |
| Vocational                       | 168,747                                     | 177,237                                     |
| Other                            | 389,210                                     | 385,394                                     |
| Support services:                |   |   |
| Pupil                            | 711,195                                     | 671,912                                     |
| Instructional staff              | 402,991                                     | 395,448                                     |
| Board of education               | 34,933                                      | 26,334                                      |
| Administration                   | 1,070,331                                   | 980,350                                     |
| Fiscal                           | 372,077                                     | 379,192                                     |
| Operations and maintenance       | 1,041,177                                   | 1,063,056                                   |
| Pupil transportation             | 719,878                                     | 797,116                                     |
| Central                          | 124,575                                     | 148,860                                     |
| Food service operations          | 379,065                                     | 379,463                                     |
| Other non-instructional services | 100   | 100   |
| Extracurricular activities       | 450,366                                     | 383,044                                     |
| Interest and fiscal charges      | <u>198,495</u>                              | <u>45,343</u>                               |
| Total expenses                   | <u>11,827,775</u>                           | <u>11,494,516</u>                           |
| Change in net assets             | (980,544)                                   | 71,241                                      |
| Net assets at beginning of year  | <u>2,583,346</u>                            | <u>2,512,105</u>                            |
| Net assets at end of year        | <u>\$ 1,602,802</u>                         | <u>\$ 2,583,346</u>                         |

**Governmental Activities**

Net assets of the District's governmental activities decreased \$980,544. Total governmental expenses of \$11,827,775 were offset by program revenues of \$1,442,659 and general revenues of \$9,404,572. Program revenues supported 12.20% of the total governmental expenses. The decrease in operating grants is due to the receipt of American Recovery and Reinvestment Act (ARRA) funding in 2011. The District received fewer federal grants in fiscal year 2012.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 85.96% of total governmental revenue. Real estate property is reappraised every six years.

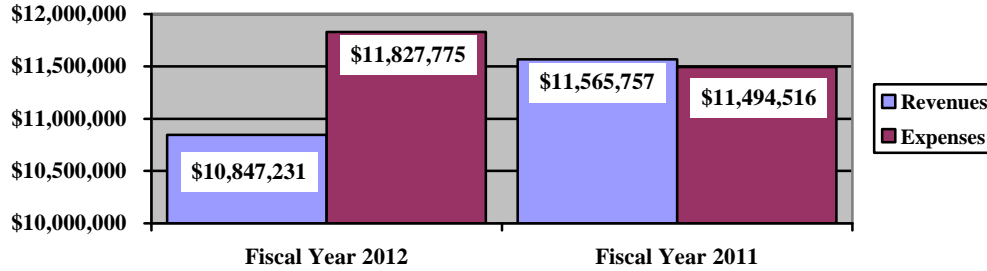
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,322,592 or 53.46% of total governmental expenses for fiscal year 2012.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2012 and 2011:

**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<br>Services<br>2012 | Net Cost of<br>Services<br>2012 | Total Cost of<br>Services<br>2011 | Net Cost of<br>Services<br>2011 |
|----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| <b>Program expenses</b>          |                                   |                                 |                                   |                                 |
| Instruction:                     |                                   |                                 |                                   |                                 |
| Regular                          | \$ 4,626,958                      | \$ 4,016,366                    | \$ 4,647,012                      | \$ 3,775,727                    |
| Special                          | 1,137,677                         | 985,089                         | 1,014,655                         | 790,040                         |
| Vocational                       | 168,747                           | 165,384                         | 177,237                           | 173,874                         |
| Other                            | 389,210                           | 389,210                         | 385,394                           | 370,455                         |
| Support services:                |                                   |                                 |                                   |                                 |
| Pupil                            | 711,195                           | 575,796                         | 671,912                           | 416,526                         |
| Instructional staff              | 402,991                           | 392,166                         | 395,448                           | 378,954                         |
| Board of education               | 34,933                            | 22,016                          | 26,334                            | 18,065                          |
| Administration                   | 1,070,331                         | 1,031,750                       | 980,350                           | 972,358                         |
| Fiscal                           | 372,077                           | 372,077                         | 379,192                           | 379,192                         |
| Operations and maintenance       | 1,041,177                         | 1,019,050                       | 1,063,056                         | 1,043,887                       |
| Pupil transportation             | 719,878                           | 695,298                         | 797,116                           | 769,032                         |
| Central                          | 124,575                           | 124,575                         | 148,860                           | 46,252                          |
| Food service operations          | 379,065                           | 58,334                          | 379,463                           | 36,813                          |
| Other non-instructional services | 100                               | 100                             | 100                               | 100                             |
| Extracurricular activities       | 450,366                           | 339,410                         | 383,044                           | 290,094                         |
| Interest and fiscal charges      | 198,495                           | 198,495                         | 45,343                            | 45,343                          |
| <b>Total expenses</b>            | <b>\$ 11,827,775</b>              | <b>\$ 10,385,116</b>            | <b>\$ 11,494,516</b>              | <b>\$ 9,506,712</b>             |

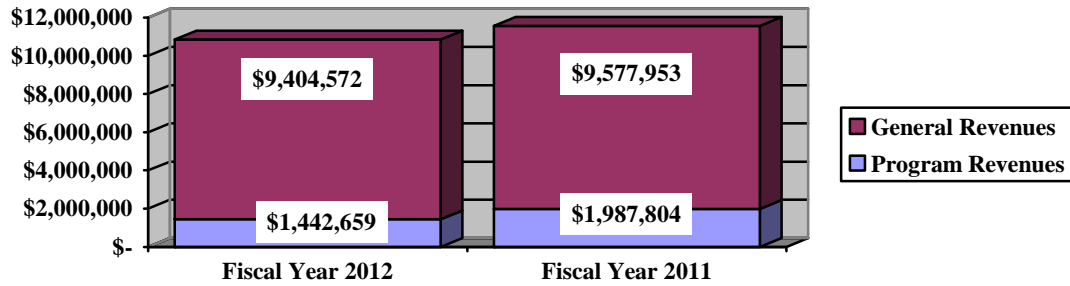
The dependence upon tax and other general revenues for governmental activities is apparent, 87.88% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.80%.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The graph below presents the District's governmental activities revenue for fiscal years 2012 and 2011:

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on page 15) reported a combined fund balance of \$1,305,484 which is higher than last year's balance of \$638,444. This increase is primarily a result of the issuance of bonds and facilities acquisition and construction expenditures in the permanent improvement fund. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

|                       | Fund Balance<br>(Deficit)<br><u>June 30, 2012</u> | Fund Balance<br>(Deficit)<br><u>June 30, 2011</u> | Increase<br>(Decrease) |
|-----------------------|---|---|------------------------|
| General               | \$ (392,853)                                      | \$ 620,583  | \$ (1,013,436)         |
| Permanent Improvement | 1,327,232   | (112,491)   | 1,439,723              |
| Other Governmental    | <u>371,105</u>                                    | <u>130,352</u>                                    | <u>240,753</u>         |
| Total                 | <u>\$ 1,305,484</u>                               | <u>\$ 638,444</u>                                 | <u>\$ 667,040</u>      |

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

***General Fund***

The District's general fund's fund balance decreased by \$1,013,436. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

|                            | <u>2012</u><br><u>Amount</u> | <u>2011</u><br><u>Amount</u> | <u>Percentage</u><br><u>Change</u> |
|----------------------------|------------------------------|------------------------------|------------------------------------|
| <b><u>Revenues</u></b>     |                              |                              |                                    |
| Taxes                      | \$ 5,718,760                 | \$ 5,900,576                 | (3.08) %                           |
| Tuition                    | 514,241                      | 516,577                      | (0.45) %                           |
| Earnings on investments    | 1,001                        | 2,022                        | (50.49) %                          |
| Intergovernmental          | 3,093,281                    | 3,331,547                    | (7.15) %                           |
| Other revenues             | <u>159,449</u>               | <u>189,367</u>               | (15.80) %                          |
| Total                      | <u>\$ 9,486,732</u>          | <u>\$ 9,940,089</u>          | (4.56) %                           |
| <b><u>Expenditures</u></b> |                              |                              |                                    |
| Instruction                | \$ 5,934,741                 | \$ 5,823,298                 | 1.91 %                             |
| Support services           | 4,135,053                    | 3,996,158                    | 3.48 %                             |
| Extracurricular activities | 335,035                      | 287,082                      | 16.70 %                            |
| Capital outlay             | 30,003                       | 39,174                       | (23.41) %                          |
| Debt service               | <u>29,339</u>                | <u>26,567</u>                | 10.43 %                            |
| Total                      | <u>\$ 10,464,171</u>         | <u>\$ 10,172,279</u>         | 2.87 %                             |

Intergovernmental revenue decreased \$238,266 or 7.15% due to a decrease in State foundation revenues recorded in the general fund. Support services increased \$138,895 or 3.48%, which can primarily be attributed to the increase in salary and benefit costs. All other revenues and expenditures remained comparable.

***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.

For the general fund, original budgeted revenues and other financing sources were \$10,048,024 and final revenues and other financing sources were \$9,894,146. Actual revenues and other financing sources for fiscal 2012 were \$9,411,267. This represents a \$482,879 decrease from final budgeted revenues.

General fund original appropriations and other financing uses were \$10,592,985 and final appropriations and other financing uses were \$10,687,485. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$10,509,218, which was \$178,267 less than the final budget appropriations.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2012, the District had \$8,472,989 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. This entire amount is reported in governmental activities.

The following table shows fiscal 2012 balances compared to 2011:

|                           | <b>Capital Assets at June 30</b> |                            |
|---------------------------|----------------------------------|----------------------------|
|                           | <b>(Net of Depreciation)</b>     |                            |
|                           | <u>Governmental Activities</u>   |                            |
|                           | <u>2012</u>                      | <u>2011</u>                |
| Land                      | \$ 400,614                       | \$ 400,614                 |
| Construction in progress  | 4,912,953                        | 288,691                    |
| Land improvements         | 337,688                          | 242,099                    |
| Building and improvements | 2,241,461                        | 1,096,702                  |
| Furniture and equipment   | 323,504                          | 310,423                    |
| Vehicles                  | 223,873                          | 258,611                    |
| Infrastructure            | <u>32,896</u>                    | <u>39,321</u>              |
| <b>Total</b>              | <b><u>\$ 8,472,989</u></b>       | <b><u>\$ 2,636,461</u></b> |

The overall increase in capital assets of \$5,836,528 is primarily due to capital outlays of \$6,119,610 exceeding depreciation expense of \$278,885 and disposals of \$4,197 for fiscal 2012.

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

***Debt Administration***

At June 30, 2012, the District had \$70,170 in capital lease obligations, \$6,004,419 in general obligation bonds , and \$1,086,754 in qualified school construction bonds outstanding. Of this total, \$247,760 is due within one year and \$6,913,583 is due in more than one year.

At June 30, 2012, the District's overall legal debt margin was \$11,431,041, and the unvoted debt margin was \$202,270. See Note 10 to the basic financial statements for additional information on the District's debt administration.



**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Current Financial Related Activities**

The District has continued to maintain the highest standards of service to the students, parents and community. The District is continually presented with challenges and opportunities.

As the preceding information shows, the District heavily depends on its residential property taxpayers. The community's commitment to the District was demonstrated by the February 2010 passage of a renewal of a \$625,000 emergency levy, the November 2010 passage of a 2.0 mil Permanent Improvement Levy which will help take the burden of repairs and equipment purchases from the general fund, and the February 2011 passage of a \$6 million bond issue, which will enable the District to close a building and build an addition on the existing middle school and become a two building district.

The continued financial support of the District demonstrates the strong belief of parents and community members that their schools are one of the highest priorities and one of the most important public institutions in their community.

The District has communicated to the community the extent upon which it relies on their support for the major part of its operations, and will continue to work diligently to carefully monitor expenses, staying within the District's five-year financial plan. State law retards the growth income generated by local levies rendering revenues relatively constant. This lack of growth, however, forces the District to come back to the voters from time to time and ask for additional financial support.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and 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 any questions about this report or need additional financial information contact Patricia Weber, Treasurer, at Columbia Local School District, 25796 Royalton Road, Columbia Station, Ohio 44028.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2012

|   | <u><b>Governmental<br/>Activities</b></u> |
|---|---|
| <b>Assets:</b>  |   |
| Equity in pooled cash and cash equivalents. . . . .         | \$ 2,207,805                              |
| Cash with escrow agent . . . . .                            | 226,060                                   |
| Receivables:  |   |
| Taxes . . . . .   | 6,427,485                                 |
| Accounts. . . . .   | 8,145                                     |
| Intergovernmental . . . . .                                 | 16,750                                    |
| Materials and supplies inventory. . . . .                   | 2,711                                     |
| Unamortized bond issuance costs . . . . .                   | 192,395                                   |
| Capital assets:   |   |
| Land and construction in progress. . . . .                  | 5,313,567                                 |
| Depreciable capital assets, net. . . . .                    | 3,159,422                                 |
| Capital assets, net . . . . .                               | <u>8,472,989</u>                          |
| <br>Total assets. . . . .                                   | <br><u>17,554,340</u>                     |
| <br><b>Liabilities:</b>                                     |   |
| Accounts payable. . . . .                                   | 27,429                                    |
| Contracts payable. . . . .                                  | 52,032                                    |
| Retainage payable . . . . .                                 | 226,060                                   |
| Accrued wages and benefits . . . . .                        | 1,023,530                                 |
| Pension obligation payable. . . . .                         | 266,332                                   |
| Intergovernmental payable . . . . .                         | 43,765                                    |
| Unearned revenue . . . . .                                  | 5,853,245                                 |
| Long-term liabilities:                                      |   |
| Due within one year. . . . .                                | 365,624                                   |
| Due in more than one year. . . . .                          | 8,093,521                                 |
| Total long-term liabilities . . . . .                       | <u>8,459,145</u>                          |
| Total liabilities . . . . .                                 | <u>15,951,538</u>                         |
| <br><b>Net Assets:</b>                                      |   |
| Invested in capital assets, net<br>of related debt. . . . . | 1,071,926                                 |
| Restricted for:   |   |
| Capital projects . . . . .                                  | 1,327,232                                 |
| Debt service. . . . .                                       | 313,502                                   |
| Locally funded programs . . . . .                           | 10,968                                    |
| State funded programs. . . . .                              | 46  |
| Federally funded programs . . . . .                         | 32,307                                    |
| Student activities . . . . .                                | 47,386                                    |
| Unrestricted (deficit) . . . . .                            | <u>(1,200,565)</u>                        |
| <br>Total net assets . . . . .                              | <br><u>\$ 1,602,802</u>                   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|  | Program Revenues                     |  |                            | Net (Expense)<br>Revenue and<br>Changes in<br>Net Assets |
|--|--------------------------------------|--|----------------------------|--|
| Expenses   | Charges for<br>Services and<br>Sales | Operating<br>Grants and<br>Contributions | Governmental<br>Activities |  |
| <b>Governmental activities:</b>  |                                      |  |                            |  |
| Instruction:   |                                      |  |                            |  |
| Regular . . . . .  | \$ 4,626,958                         | \$ 566,031                               | \$ 44,561                  | \$ (4,016,366)   |
| Special . . . . .  | 1,137,677                            | -  | 152,588                    | (985,089)  |
| Vocational . . . . .   | 168,747                              | -  | 3,363                      | (165,384)  |
| Other . . . . .  | 389,210                              | -  | -                          | (389,210)  |
| Support services:  |                                      |  |                            |  |
| Pupil . . . . .  | 711,195                              | -  | 135,399                    | (575,796)  |
| Instructional staff . . . . .  | 402,991                              | -  | 10,825                     | (392,166)  |
| Board of education . . . . .   | 34,933                               | 12,917                                   | -                          | (22,016)   |
| Administration . . . . .   | 1,070,331                            | -  | 38,581                     | (1,031,750)  |
| Fiscal . . . . .   | 372,077                              | -  | -                          | (372,077)  |
| Operations and maintenance . . . . .                                     | 1,041,177                            | 20,748                                   | 1,379                      | (1,019,050)  |
| Pupil transportation . . . . .   | 719,878                              | -  | 24,580                     | (695,298)  |
| Central . . . . .  | 124,575                              | -  | -                          | (124,575)  |
| Other non-instructional services . . . . .                               | 100                                  | -  | -                          | (100)  |
| Food service operations . . . . .  | 379,065                              | 196,940                                  | 123,791                    | (58,334)   |
| Extracurricular activities . . . . .                                     | 450,366                              | 98,849                                   | 12,107                     | (339,410)  |
| Interest and fiscal charges . . . . .                                    | 198,495                              | -  | -                          | (198,495)  |
| Total governmental activities . . . . .                                  | \$ 11,827,775                        | \$ 895,485                               | \$ 547,174                 | (10,385,116)   |
| <b>General Revenues:</b>   |                                      |  |                            |  |
| Property taxes levied for:   |                                      |  |                            |  |
| General purposes . . . . .   |                                      |  |                            | 5,711,304  |
| Debt service . . . . .   |                                      |  |                            | 169,104  |
| Capital projects . . . . .   |                                      |  |                            | 344,834  |
| Grants and entitlements not restricted<br>to specific programs . . . . . |                                      |  |                            | 3,098,745  |
| Investment earnings . . . . .  |                                      |  |                            | 8,192  |
| Miscellaneous . . . . .  |                                      |  |                            | 72,393   |
| Total general revenues . . . . .   |                                      |  |                            | 9,404,572  |
| Change in net assets . . . . .   |                                      |  |                            | (980,544)  |
| <b>Net assets at beginning of year . . . . .</b>                         |                                      |  |                            | <b>2,583,346</b>   |
| <b>Net assets at end of year . . . . .</b>                               |                                      |  |                            | <b>\$ 1,602,802</b>                                      |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

|  | <u>General</u>      | <u>Permanent<br/>Improvement</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|----------------------------------|---|---|
| <b>Assets:</b>   |                     |                                  |   |   |
| Equity in pooled cash<br>and cash equivalents. . . . . | \$ 373,117          | \$ 1,346,806                     | \$ 487,882                              | \$ 2,207,805                            |
| Cash with escrow agent. . . . .                        | -                   | 226,060                          | -                                       | 226,060                                 |
| Receivables:   |                     |                                  |   |   |
| Property taxes. . . . .                                | 5,725,641           | 351,998                          | 349,846                                 | 6,427,485                               |
| Accounts . . . . .                                     | 8,021               | -                                | 124                                     | 8,145                                   |
| Interfund loans . . . . .                              | 28,022              | -                                | -                                       | 28,022                                  |
| Intergovernmental. . . . .                             | -                   | -                                | 16,750                                  | 16,750                                  |
| Materials and supplies inventory. . . . .              | -                   | -                                | 2,711                                   | 2,711                                   |
| Total assets . . . . .                                 | <u>\$ 6,134,801</u> | <u>\$ 1,924,864</u>              | <u>\$ 857,313</u>                       | <u>\$ 8,916,978</u>                     |
| <b>Liabilities:</b>                                    |                     |                                  |   |   |
| Accounts payable . . . . .                             | \$ 23,728           | \$ -                             | \$ 3,701                                | \$ 27,429                               |
| Contracts payable. . . . .                             | -                   | 52,032                           | -                                       | 52,032                                  |
| Retainage payable. . . . .                             | -                   | 226,060                          | -                                       | 226,060                                 |
| Accrued wages and benefits. . . . .                    | 940,751             | -                                | 82,779                                  | 1,023,530                               |
| Compensated absences payable . . . . .                 | 72,216              | -                                | -                                       | 72,216                                  |
| Pension obligation payable . . . . .                   | 251,145             | -                                | 15,187                                  | 266,332                                 |
| Intergovernmental payable . . . . .                    | 40,735              | -                                | 3,030                                   | 43,765                                  |
| Interfund loans payable. . . . .                       | -                   | -                                | 28,022                                  | 28,022                                  |
| Deferred revenue . . . . .                             | 15,220              | -                                | 3,643                                   | 18,863                                  |
| Unearned revenue. . . . .                              | 5,183,859           | 319,540                          | 349,846                                 | 5,853,245                               |
| Total liabilities. . . . .                             | <u>6,527,654</u>    | <u>597,632</u>                   | <u>486,208</u>                          | <u>7,611,494</u>                        |
| <b>Fund Balances:</b>                                  |                     |                                  |   |   |
| Nonspendable:  |                     |                                  |   |   |
| Materials and supplies inventory. . . . .              | -                   | -                                | 2,711                                   | 2,711                                   |
| Restricted:  |                     |                                  |   |   |
| Debt service . . . . .                                 | -                   | -                                | 313,502                                 | 313,502                                 |
| Capital improvements . . . . .                         | -                   | 1,327,232                        | -                                       | 1,327,232                               |
| Special education . . . . .                            | -                   | -                                | 13,889                                  | 13,889                                  |
| Targeted academic assistance . . . . .                 | -                   | -                                | 15,181                                  | 15,181                                  |
| Other purposes. . . . .                                | -                   | -                                | 11,194                                  | 11,194                                  |
| Extracurricular. . . . .                               | -                   | -                                | 47,386                                  | 47,386                                  |
| Unassigned (deficit) . . . . .                         | (392,853)           | -                                | (32,758)                                | (425,611)                               |
| Total fund balances (deficit) . . . . .                | <u>(392,853)</u>    | <u>1,327,232</u>                 | <u>371,105</u>                          | <u>1,305,484</u>                        |
| Total liabilities and fund balances . . . . .          | <u>\$ 6,134,801</u> | <u>\$ 1,924,864</u>              | <u>\$ 857,313</u>                       | <u>\$ 8,916,978</u>                     |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012

|   |                    |                            |
|---|--------------------|----------------------------|
| <b>Total governmental fund balances</b>   |                    | \$ 1,305,484               |
| <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.                         |                    | 8,472,989                  |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.                        |                    |                            |
| Taxes receivable  | \$ 15,220          |                            |
| Intergovernmental receivable  | <u>3,643</u>       |                            |
| Total   |                    | 18,863                     |
| Bond issuance costs are not recognized in the funds.  |                    | 192,395                    |
| Unamortized premiums on bond issuance costs are not recognized in the funds.  |                    | (436,534)                  |
| Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds. |                    |                            |
| Capital leases payable  | (70,170)           |                            |
| Compensated absences payable  | (789,052)          |                            |
| General obligation current interest bonds   | (5,945,000)        |                            |
| General obligation capital appreciation bonds   | (55,000)           |                            |
| Accreted interest on capital appreciation bonds   | (4,419)            |                            |
| Qualified school construction bonds   | <u>(1,086,754)</u> |                            |
| Total   |                    | <u>(7,950,395)</u>         |
| <b>Net assets of governmental activities</b>  |                    | <u><u>\$ 1,602,802</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|   | <u>General</u>      | <u>Permanent<br/>Improvement</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|----------------------------------|---|---|
| <b>Revenues:</b>                                    |                     |                                  |   |   |
| From local sources:                                 |                     |                                  |   |   |
| Taxes . . . . .                                     | \$ 5,718,760        | \$ 344,834                       | \$ 169,104                              | \$ 6,232,698                            |
| Tuition . . . . .                                   | 514,241             | -                                | -                                       | 514,241                                 |
| Charges for services . . . . .                      | -                   | -                                | 199,133                                 | 199,133                                 |
| Earnings on investments . . . . .                   | 1,001               | -                                | 7,191                                   | 8,192                                   |
| Extracurricular . . . . .                           | 19,668              | -                                | 80,055                                  | 99,723                                  |
| Classroom materials and fees . . . . .              | 50,916              | -                                | -                                       | 50,916                                  |
| Rental income . . . . .                             | 18,555              | -                                | -                                       | 18,555                                  |
| Contributions and donations . . . . .               | 12,917              | -                                | 12,110                                  | 25,027                                  |
| Other local revenues . . . . .                      | 57,393              | -                                | 131                                     | 57,524                                  |
| Intergovernmental - Intermediate . . . . .          | -                   | -                                | 11,849                                  | 11,849                                  |
| Intergovernmental - State . . . . .                 | 3,078,281           | 52,442                           | 27,580                                  | 3,158,303                               |
| Intergovernmental - Federal . . . . .               | 15,000              | -                                | 623,035                                 | 638,035                                 |
| Total revenue . . . . .                             | <u>9,486,732</u>    | <u>397,276</u>                   | <u>1,130,188</u>                        | <u>11,014,196</u>                       |
| <b>Expenditures:</b>                                |                     |                                  |   |   |
| Current:  |                     |                                  |   |   |
| Instruction:  |                     |                                  |   |   |
| Regular . . . . .                                   | 4,338,048           | -                                | 196,137                                 | 4,534,185                               |
| Special . . . . .                                   | 1,039,720           | -                                | 110,288                                 | 1,150,008                               |
| Vocational . . . . .                                | 167,763             | -                                | -                                       | 167,763                                 |
| Other . . . . .                                     | 389,210             | -                                | -                                       | 389,210                                 |
| Support services:                                   |                     |                                  |   |   |
| Pupil . . . . .                                     | 555,078             | -                                | 152,047                                 | 707,125                                 |
| Instructional staff . . . . .                       | 415,775             | -                                | 11,124                                  | 426,899                                 |
| Board of education . . . . .                        | 34,816              | -                                | -                                       | 34,816                                  |
| Administration . . . . .                            | 1,016,486           | -                                | 43,525                                  | 1,060,011                               |
| Fiscal . . . . .                                    | 365,664             | 5,622                            | 2,824                                   | 374,110                                 |
| Operations and maintenance . . . . .                | 985,472             | -                                | 4,180                                   | 989,652                                 |
| Pupil transportation . . . . .                      | 646,750             | -                                | -                                       | 646,750                                 |
| Central . . . . .                                   | 115,012             | -                                | 5,957                                   | 120,969                                 |
| Food service operations . . . . .                   | -                   | -                                | 374,718                                 | 374,718                                 |
| Extracurricular activities . . . . .                | 335,035             | -                                | 114,757                                 | 449,792                                 |
| Facilities acquisition and construction . . . . .   | -                   | 6,033,037                        | -                                       | 6,033,037                               |
| Capital outlay . . . . .                            | 30,003              | -                                | -                                       | 30,003                                  |
| Debt service:                                       |                     |                                  |   |   |
| Principal retirement . . . . .                      | 24,928              | -                                | -                                       | 24,928                                  |
| Interest and fiscal charges . . . . .               | 4,411               | 66,296                           | 128,207                                 | 198,914                                 |
| Bond issuance costs . . . . .                       | -                   | -                                | 196,208                                 | 196,208                                 |
| Total expenditures . . . . .                        | <u>10,464,171</u>   | <u>6,104,955</u>                 | <u>1,339,972</u>                        | <u>17,909,098</u>                       |
| Deficiency of revenues under expenditures . . . . . | <u>(977,439)</u>    | <u>(5,707,679)</u>               | <u>(209,784)</u>                        | <u>(6,894,902)</u>                      |
| <b>Other financing sources (uses):</b>              |                     |                                  |   |   |
| Premium on bonds . . . . .                          | -                   | -                                | 445,185                                 | 445,185                                 |
| Sale of bonds . . . . .                             | -                   | 1,086,754                        | 6,000,000                               | 7,086,754                               |
| Transfers in . . . . .                              | -                   | 6,087,667                        | 93,019                                  | 6,180,686                               |
| Transfers (out) . . . . .                           | (66,000)            | (27,019)                         | (6,087,667)                             | (6,180,686)                             |
| Capital lease transaction . . . . .                 | 30,003              | -                                | -                                       | 30,003                                  |
| Total other financing sources (uses) . . . . .      | <u>(35,997)</u>     | <u>7,147,402</u>                 | <u>450,537</u>                          | <u>7,561,942</u>                        |
| Net change in fund balances . . . . .               | (1,013,436)         | 1,439,723                        | 240,753                                 | 667,040                                 |
| <b>Fund balances (deficit)</b>                      |                     |                                  |   |   |
| at beginning of year . . . . .                      | 620,583             | (112,491)                        | 130,352                                 | 638,444                                 |
| Fund balances (deficit) at end of year . . . . .    | <u>\$ (392,853)</u> | <u>\$ 1,327,232</u>              | <u>\$ 371,105</u>                       | <u>\$ 1,305,484</u>                     |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN 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, 2012

|   |                  |                                |
|---|------------------|--------------------------------|
| <b>Net change in fund balances - total governmental funds</b>   | \$               | 667,040                        |
| <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 capital outlays exceeded depreciation expense in the current period. |                  |                                |
| Capital outlay  | \$ 6,119,610     |                                |
| Depreciation expense  | <u>(278,885)</u> |                                |
| Total   |                  | 5,840,725                      |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.   |                  |                                |
|   |                  | (4,197)                        |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  |                  |                                |
| Taxes   | (7,456)          |                                |
| Intergovernmental revenue   | <u>(159,509)</u> |                                |
| Total   |                  | (166,965)                      |
| The issuance of bonds are recorded as an other financing source in the governmental funds; however, the proceeds increase long-term liabilities on the statement net assets.  |                  |                                |
|   |                  | (7,086,754)                    |
| 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.   |                  |                                |
|   |                  | 24,928                         |
| Capital lease transactions are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net assets.   |                  |                                |
|   |                  | (30,003)                       |
| Premiums on bonds and bond issuance costs related to the issuance of bonds are amortized over the life of the issuance in the statement of activities. The following transactions occurred in the year:   |                  |                                |
| Premiums on bonds   | (445,185)        |                                |
| Bond issuance costs   | <u>196,208</u>   |                                |
| Total   |                  | (248,977)                      |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:   |                  |                                |
| Accreted interest on capital appreciation bonds   | (4,419)          |                                |
| Amortization of bond issuance costs   | (3,813)          |                                |
| Amortization of bond premiums   | <u>8,651</u>     |                                |
| Total   |                  | 419                            |
| 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.  |                  |                                |
|   |                  | <u>23,240</u>                  |
| <b>Change in net assets of governmental activities</b>  | <b>\$</b>        | <b><u><u>(980,544)</u></u></b> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN 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, 2012

|   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>      | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-------------------|--------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                    |   |
| <b>Revenues:</b>                                      |                         |                   |                    |   |
| From local sources:                                   |                         |                   |                    |   |
| Taxes . . . . .                                       | \$ 6,695,274            | \$ 6,502,320      | \$ 5,721,839       | \$ (780,481)  |
| Tuition. . . . .                                      | 507,645                 | 491,592           | 514,241            | 22,649  |
| Earnings on investments . . . . .                     | 2,031                   | 1,984             | 1,001              | (983)   |
| Classroom materials and fees . . . . .                | 24,494                  | 23,704            | 25,745             | 2,041   |
| Rental income . . . . .                               | 18,477                  | 17,897            | 18,555             | 658   |
| Contributions and donations . . . . .                 | -                       | -                 | 3,228              | 3,228   |
| Other local revenues . . . . .                        | 41,732                  | 40,624            | 29,106             | (11,518)  |
| Intergovernmental - State . . . . .                   | 2,743,143               | 2,801,340         | 3,078,281          | 276,941   |
| Total revenue . . . . .                               | <u>10,032,796</u>       | <u>9,879,461</u>  | <u>9,391,996</u>   | <u>(487,465)</u>  |
| <b>Expenditures:</b>                                  |                         |                   |                    |   |
| Current:  |                         |                   |                    |   |
| Instruction:  |                         |                   |                    |   |
| Regular . . . . .                                     | 4,579,017               | 4,449,244         | 4,427,357          | 21,887  |
| Special. . . . .                                      | 817,672                 | 938,639           | 935,321            | 3,318   |
| Vocational. . . . .                                   | 164,529                 | 169,158           | 166,852            | 2,306   |
| Other. . . . .  | 343,369                 | 400,210           | 400,210            | -   |
| Support services:                                     |                         |                   |                    |   |
| Pupil. . . . .  | 449,195                 | 458,591           | 448,118            | 10,473  |
| Instructional staff . . . . .                         | 376,916                 | 396,141           | 388,157            | 7,984   |
| Board of education . . . . .                          | 35,992                  | 38,171            | 34,841             | 3,330   |
| Administration. . . . .                               | 1,072,255               | 1,065,412         | 1,049,952          | 15,460  |
| Fiscal . . . . .                                      | 374,268                 | 371,764           | 368,826            | 2,938   |
| Operations and maintenance. . . . .                   | 1,118,217               | 1,092,259         | 1,010,865          | 81,394  |
| Pupil transportation . . . . .                        | 768,361                 | 759,956           | 752,751            | 7,205   |
| Central. . . . .                                      | 111,990                 | 121,713           | 113,078            | 8,635   |
| Extracurricular activities. . . . .                   | 340,901                 | 337,727           | 331,890            | 5,837   |
| Total expenditures . . . . .                          | <u>10,552,682</u>       | <u>10,598,985</u> | <u>10,428,218</u>  | <u>170,767</u>  |
| Excess of expenditures over revenues. . . . .         | <u>(519,886)</u>        | <u>(719,524)</u>  | <u>(1,036,222)</u> | <u>(316,698)</u>  |
| <b>Other financing sources (uses):</b>                |                         |                   |                    |   |
| Refund of prior year's expenditures . . . . .         | 15,228                  | 14,685            | 19,271             | 4,586   |
| Transfers (out). . . . .                              | (40,303)                | (88,500)          | (66,000)           | 22,500  |
| Advances (out) . . . . .                              | -                       | -                 | (15,000)           | (15,000)  |
| Total other financing sources (uses) . . . . .        | <u>(25,075)</u>         | <u>(73,815)</u>   | <u>(61,729)</u>    | <u>12,086</u>   |
| Net change in fund balance . . . . .                  | (544,961)               | (793,339)         | (1,097,951)        | (304,612)   |
| <b>Fund balance at beginning of year . . . . .</b>    | 1,298,065               | 1,298,065         | 1,298,065          | -   |
| <b>Prior year encumbrances appropriated . . . . .</b> | 81,646                  | 81,646            | 81,646             | -   |
| <b>Fund balance at end of year . . . . .</b>          | <u>\$ 834,750</u>       | <u>\$ 586,372</u> | <u>\$ 281,760</u>  | <u>\$ (304,612)</u>   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2012

|   | <b>Agency</b> |
|---|---------------|
| <b>Assets:</b>  |               |
| Equity in pooled cash<br>and cash equivalents . . . . . | \$ 76,964     |
| Total assets. . . . .                                   | \$ 76,964     |
| <b>Liabilities:</b>                                     |               |
| Accounts payable. . . . .                               | \$ 2,181      |
| Due to students . . . . .                               | 74,783        |
| Total liabilities . . . . .                             | \$ 76,964     |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

The Columbia 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.

The District is located in Columbia Station, Ohio, Lorain County. The District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by State and Federal agencies. Each member is elected to a four year term.

The Board of Education (the "Board") controls the District's three instructional and three support facilities staffed by 55 non-certified personnel, 84 certified teaching personnel and 6 administrators who provide services to 989 students. The District's three support facilities include an administration building, transportation center, and a maintenance garage. The District operates one elementary school (K-4), one middle school (5-8) and one high school (9-12). The District ranks as the 476<sup>th</sup> largest by total enrollment among the 918 public school districts and community schools in the State.

**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) guidance issued on or before November 30, 1989, to its governmental activities provided it does 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. The basic financial statements of the reporting entity include only those of the District (the primary government).

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Lake Erie Educational Computer Association (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of 31 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 the administrative and instructional functions of member districts. Each of the governments of these districts supports LEECA based upon a per pupil charge, dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. The District paid \$20,603 to LEECA for services during fiscal year 2012.

Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035.

Lake Erie Regional Council of Governments (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization comprised of 14 school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as media center, gas consumption, driver education, food service and insurance. Each member provides operating resources to LERC on a per pupil or actual usage charge. The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, who serves as fiscal agent, at 1885 Lake Avenue, Elyria, Ohio.

Lorain County Joint Vocational School District (LCJVSD)

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

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization among 121 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2012, the District paid \$790 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The District participates in the Council's prepaid natural gas purchase program. This program allows school districts to purchase natural gas at reduced rates. Compass Energy has been selected as the supplier and program manager for the period October 1, 2010 through March 31, 2013. There are currently 143 participants in the program including Columbia Local School District. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

In September 2009, the Council negotiated and approved a contract for discounted electric generation with Duke Energy Retail Sales, LLC for schools in the FirstEnergy territory - Ohio Edison, Cleveland Electric Illuminating and Toledo Edison. The price was \$.051 per kWh for all district facilities and was guaranteed through May 31, 2011. There are 110 school districts participating in this program including Columbia Local School District.

*PUBLIC ENTITY RISK POOLS*

Schools of Ohio Risk Sharing Authority (SORSA)

The District participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the District's property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

Workers' Compensation Group Rating Program

The District participates in the Ohio Association of School Business Officials (OASBO)/CompManagement, Inc. Workers' Compensation Group Rating Program (GRP). The GRP is sponsored by OASBO and administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program. Refer to Note 12.C. for further information on the GRP.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Lake Erie Employee Protection Plan (LEEPP)

The District participates in LEEPP to provide health and dental insurance. LEEPP is a program administered by Lake Erie Regional Council of Governments (See Note 11.B.) The LEEPP is a shared risk pool comprised of fifteen regional school districts. LEEPP is governed by an assembly which consists of one representative from each participating school district, usually the superintendent or designee. The assembly elects officers for one year terms to serve as the Board of Directors. A member can withdraw from participation in the plan by notifying the fiscal agent on or before January 15 of the preceding fiscal year in which the school district will withdraw. If the school district withdraws, no further contribution would be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract. The assembly exercises control over the operation of the plan. Plan revenues are generated from charges for services.

**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. The District does not have any proprietary funds.

*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 and report all financial resources not accounted for and reported 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 fund is used to account for taxes levied for the replacement and updating of equipment and facilities essential for the instruction of students.

Other governmental funds of the District are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (b) financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

*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 has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District maintains two agency funds to account for student activities and a soft drink sales operation.

**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.

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. 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.

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

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**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. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the 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, 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 6).

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, 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, 2012, but which were levied to finance fiscal year 2013 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, 2012, have also been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis of accounting, the fair value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**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 District is required by State statute to adopt an annual appropriated cash basis budget for all funds, except agency funds. The specific timetable is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Lorain County Budget Commission for tax rate determination.
3. Prior to April 1, unless a later date is approved by the Tax Commissioner, 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 a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate 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 set forth in the original and final Amended Certificates issued for fiscal year 2012.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. 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. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.



**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2012. All amounts reported in the budgetary statement reflect the original appropriations and the final appropriations, including all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all 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 cash equivalents" on the basic financial statements.

During fiscal year 2012 investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments in STAR Ohio are reported at fair value, which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2012.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$1,001.

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 fiscal year end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market value and donated commodities are reported at the 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 materials and supplies inventory is equally offset by a nonspendable fund balance 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.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**H. Capital Assets**

General capital 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 retirements 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 \$1,000. 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.

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

| <u>Description</u>         | <u>Governmental<br/>Activities<br/>Estimated Lives</u> |
|----------------------------|--|
| Land improvements          | 20 years   |
| Buildings and improvements | 50 years   |
| Furniture and equipment    | 3 - 15 years   |
| Vehicles                   | 10 years   |
| Infrastructure             | 50 years   |

**I. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for those absences are attributable to services rendered and are not contingent on a specific event that is outside the control of the District or the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2012, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least 10 current years of service with the District were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2012, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**J. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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, 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 lease obligations that will be paid from governmental funds are recognized as a liability on the fund financial statements when they are due. Bonds and leases are recognized as a liability on the fund financial statements when due.

**K. 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.

**L. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**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.

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

**N. 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.

**O. 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. Transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**P. 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 2012.

**Q. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as an addition to or reduction of the face amount of the new debt. On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.A.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2012 included the following individual fund deficits:

| <u>Major fund</u>         | <u>Deficit</u> |
|---------------------------|----------------|
| General                   | \$ 392,853     |
| <br><u>Nonmajor funds</u> |                |
| Education jobs            | 566            |
| Food services             | 29,481         |

The general fund is liable for any 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;
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;

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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 on Hand**

At fiscal year end, the District had \$1,200 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Cash with Escrow Agent**

At June 30, 2012, the District had \$226,060 on deposit in retainage accounts related to various construction projects. This amount is included on the financial statements as "cash with escrow agent" and is not included in deposits with financial institutions below.

**C. Deposits with Financial Institutions**

At June 30, 2012, the carrying amount of all District deposits was \$2,280,386. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, \$1,640,534 of the District's bank balance of \$2,390,534 was exposed to custodial risk as discussed below, while \$750,000 was covered by the FDIC.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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, 2012, the District had the following investment and maturity:

| <u>Investment type</u> | <u>Fair Value</u> | <u>Investment Maturity</u> |
|------------------------|-------------------|----------------------------|
|                        |                   | 6 months or<br>less        |
| STAR Ohio              | \$ 3,183          | \$ 3,183                   |
| Total                  | <u>\$ 3,183</u>   | <u>\$ 3,183</u>            |

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy requires that operating funds be invested primarily in investments so that the securities mature to meet cash requirements for ongoing operations and long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The District's investment policy does not specifically address credit risk beyond requiring the District to 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 investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*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, 2012:

| <u>Investment type</u> | <u>Fair Value</u> | <u>% of Total</u> |
|------------------------|-------------------|-------------------|
| STAR Ohio              | <u>\$ 3,183</u>   | <u>100.00</u>     |



**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

**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, 2012:

|   |                     |
|---|---------------------|
| <u>Cash and investments per note</u>                        |                     |
| Carrying amount of deposits                                 | \$ 2,280,386        |
| Investments   | 3,183               |
| Cash with escrow agent                                      | 226,060             |
| Cash on hand  | <u>1,200</u>        |
| Total   | <u>\$ 2,510,829</u> |
| <br><u>Cash and investments per statement of net assets</u> |                     |
| Governmental activities                                     | \$ 2,433,865        |
| Agency funds  | <u>76,964</u>       |
| Total   | <u>\$ 2,510,829</u> |

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances at June 30, 2012 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

|                        |                       |                  |
|------------------------|-----------------------|------------------|
| <u>Receivable Fund</u> | <u>Payable Fund</u>   | <u>Amount</u>    |
| General                | Nonmajor governmental | <u>\$ 28,022</u> |

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

B. Interfund transfers for the year ended June 30, 2012, consisted of the following, as reported on the fund financial statements:

|   |                    |
|---|--------------------|
|   | <u>Amount</u>      |
| <u>Transfers to nonmajor governmental funds from:</u>     |                    |
| General fund  | \$ 66,000          |
| <br><u>Transfers to nonmajor governmental funds from:</u> |                    |
| Permanent improvement fund                                | 27,019             |
| <br><u>Transfers to permanent improvement fund from:</u>  |                    |
| Nonmajor governmental funds                               | <u>6,087,667</u>   |
| Total   | <u>\$6,180,686</u> |

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 - INTERFUND TRANSACTIONS – (Continued)**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from the bond retirement fund (a nonmajor governmental fund) is for principal and interest payments on the bond anticipation notes, a fund liability of the permanent improvement fund.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**NOTE 6 - 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 and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, 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 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, 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.

The District receives property taxes from Lorain 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, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$526,562 in the general fund and \$32,458 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$529,641 in the general fund and \$35,206 in the permanent improvement 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.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 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.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 6 - PROPERTY TAXES – (Continued)**

The assessed values upon which the fiscal year 2012 taxes were collected are:

|   | 2011 Second<br>Half Collections |                | 2012 First<br>Half Collections |                |
|---|---------------------------------|----------------|--------------------------------|----------------|
|   | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/residential<br>and other real estate | \$ 194,738,160                  | 97.02          | \$ 195,941,120                 | 96.87          |
| Public utility personal                           | <u>5,982,030</u>                | <u>2.98</u>    | <u>6,328,800</u>               | <u>3.13</u>    |
| Total   | <u>\$ 200,720,190</u>           | <u>100.00</u>  | <u>\$ 202,269,920</u>          | <u>100.00</u>  |
| Tax rate per \$1,000 of<br>assessed valuation     | \$52.78                         |                | \$54.54                        |                |

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2012 consisted of taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. 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:**

|                   |                     |
|-------------------|---------------------|
| Property taxes    | \$ 6,427,485        |
| Accounts          | 8,145               |
| Intergovernmental | <u>16,750</u>       |
| Total             | <u>\$ 6,452,380</u> |

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

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

|   | Balance              |                     |                   | Balance              |
|---|----------------------|---------------------|-------------------|----------------------|
|   | <u>June 30, 2011</u> | <u>Additions</u>    | <u>Deductions</u> | <u>June 30, 2012</u> |
| <b>Governmental Activities:</b>               |                      |                     |                   |                      |
| <i>Capital assets, not being depreciated:</i> |                      |                     |                   |                      |
| Land  | \$ 400,614           | \$ -                | \$ -              | \$ 400,614           |
| Construction in progress                      | <u>288,691</u>       | <u>4,624,262</u>    | <u>-</u>          | <u>4,912,953</u>     |
| Total capital assets, not being depreciated   | <u>689,305</u>       | <u>4,624,262</u>    | <u>-</u>          | <u>5,313,567</u>     |
| <i>Capital assets, being depreciated:</i>     |                      |                     |                   |                      |
| Land improvements                             | 440,648              | 117,649             | -                 | 558,297              |
| Buildings and improvements                    | 3,530,542            | 1,206,741           | -                 | 4,737,283            |
| Furniture and equipment                       | 1,999,986            | 132,266             | (89,928)          | 2,042,324            |
| Vehicles                                      | 1,127,868            | 32,304              | -                 | 1,160,172            |
| Infrastructure                                | <u>92,062</u>        | <u>6,388</u>        | <u>-</u>          | <u>98,450</u>        |
| Total capital assets, being depreciated       | <u>7,191,106</u>     | <u>1,495,348</u>    | <u>(89,928)</u>   | <u>8,596,526</u>     |
| <i>Less: accumulated depreciation:</i>        |                      |                     |                   |                      |
| Land improvements                             | (198,549)            | (22,060)            | -                 | (220,609)            |
| Buildings and improvements                    | (2,433,840)          | (61,982)            | -                 | (2,495,822)          |
| Furniture and equipment                       | (1,689,563)          | (114,988)           | 85,731            | (1,718,820)          |
| Vehicles                                      | (869,257)            | (67,042)            | -                 | (936,299)            |
| Infrastructure                                | <u>(52,741)</u>      | <u>(12,813)</u>     | <u>-</u>          | <u>(65,554)</u>      |
| Total accumulated depreciation                | <u>(5,243,950)</u>   | <u>(278,885)</u>    | <u>85,731</u>     | <u>(5,437,104)</u>   |
| Governmental activities capital assets, net   | <u>\$ 2,636,461</u>  | <u>\$ 5,840,725</u> | <u>\$ (4,197)</u> | <u>\$ 8,472,989</u>  |

Depreciation expense was charged to governmental functions as follows:

|   |                   |
|---|-------------------|
| <u>Instruction:</u>                     |                   |
| Regular                                 | \$ 150,489        |
| Special                                 | 5,148             |
| <u>Support Services:</u>                |                   |
| Pupil                                   | 6,657             |
| Instructional staff                     | 314               |
| Board of education                      | 117               |
| Administration                          | 7,828             |
| Operations and maintenance              | 18,282            |
| Pupil transportation                    | 70,625            |
| Central                                 | 3,606             |
| Operation of non-instructional services | 100               |
| Food service operations                 | 12,378            |
| Extracurricular activities              | <u>3,341</u>      |
| Total depreciation expense              | <u>\$ 278,885</u> |

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

During fiscal year 2012 and in prior years, the District entered into capitalized leases for copier equipment. These lease agreements meet 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 program/function expenditures on a budgetary basis.

Capital assets consisting of equipment have been capitalized in the amount of \$175,958. Accumulated depreciation as of June 30, 2012 was \$100,475, leaving a current book value of \$75,483. A corresponding liability was recorded on the statement of net assets. Principal retirement and interest and fiscal charges in fiscal year 2012 totaled \$24,928 and \$4,411, respectively, in the general fund on the statement of revenues, expenditures, and changes in fund balances.

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, 2012:

| <u>Fiscal Year Ending June 30,</u> | <u>Amount</u>    |
|------------------------------------|------------------|
| 2013                               | \$ 27,640        |
| 2014                               | 16,840           |
| 2015                               | 16,840           |
| 2016                               | 13,661           |
| 2017                               | <u>6,692</u>     |
| Total minimum lease payments       | 81,673           |
| Less: Amount representing interest | <u>(11,503)</u>  |
| Total                              | <u>\$ 70,170</u> |

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2012, the following activity occurred in governmental activities long-term obligations:

|                                     | <u>Balance</u>       | <u>Additions</u>               | <u>Reductions</u>     | <u>Balance</u>       | <u>Amounts</u>    |
|-------------------------------------|----------------------|--------------------------------|-----------------------|----------------------|-------------------|
|                                     | <u>June 30, 2011</u> |                                |                       | <u>June 30, 2012</u> | <u>Due in</u>     |
|                                     |                      |                                |                       |                      | <u>One Year</u>   |
| <b>Governmental Activities:</b>     |                      |                                |                       |                      |                   |
| <u>General obligation bonds:</u>    |                      |                                |                       |                      |                   |
| 2011 Series issue                   |                      |                                |                       |                      |                   |
| Bond - 2011 Issue                   | \$ -                 | \$ 5,945,000                   | \$ -                  | \$ 5,945,000         | \$ 160,000        |
| Capital Appreciation Bond           | -                    | 55,000                         | -                     | 55,000               | -                 |
| Accreted Interest                   | -                    | 4,419                          | -                     | 4,419                | -                 |
| Bond anticipation notes 2.00%       | 6,000,000            | -                              | (6,000,000)           | -                    | -                 |
| Qualified school construction bonds | -                    | 1,086,754                      | -                     | 1,086,754            | 64,908            |
| Capital lease obligation            | 65,095               | 30,003                         | (24,928)              | 70,170               | 22,852            |
| Compensated absences                | <u>886,628</u>       | <u>95,519</u>                  | <u>(120,879)</u>      | <u>861,268</u>       | <u>117,864</u>    |
| Total                               | <u>\$ 6,951,723</u>  | <u>\$ 7,216,695</u>            | <u>\$ (6,145,807)</u> | 8,022,611            | <u>\$ 365,624</u> |
|                                     |                      | Add: unamortized premium bonds |                       | <u>436,534</u>       |                   |
| Total on statement of net assets    |                      |                                |                       | <u>\$ 8,459,145</u>  |                   |

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Compensated absences will be paid from the fund from which the employee is paid, primarily the general fund and food service fund (a nonmajor governmental fund). The capital lease obligation will be paid from the general fund, see Note 9 for detail.

**B. Notes Payable** - On April 26, 2011, the District issued \$6,000,000 in notes in anticipation of the issuance of bonds for the purpose of various construction projects throughout the District. The notes bear an interest rate of 2.00% and matured on January 19, 2012. In accordance with FASB Statement No. 6 "Classification of Short-Term Obligations Expected to Be Refinanced", the bond anticipation notes were classified as long-term obligations because they had been replaced with long-term bonds before the financial statements had been issued.

**C. Series 2011 General Obligation Bonds**: On December 15, 2011, the District issued general obligation bonds (Series 2011 Bonds) to repay \$6,000,000 of notes originally issued to pay costs of the project.

The issue is comprised of both current interest bonds, par value \$5,945,000, and capital appreciation bonds par value \$55,000. The interest rates on the current interest bonds range from 1.50% - 5.00%. The capital appreciation bonds mature on November 1, 2039 (interest rates from 20.36 - 22.33%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$600,000. Total accreted interest of \$4,419 has been included in the statement of net assets at June 30, 2012.

Interest payments on the current interest bonds are due on May 1 and November 1 of each year. The final maturity stated in the issue is November 1, 2039.

|                            | Interest<br>Rate | Balance<br>Outstanding<br>June 30, 2011 | Additions           | Reductions  | Balance<br>Outstanding<br>June 30, 2012 | Amounts<br>Due in<br>One Year |
|----------------------------|------------------|---|---------------------|-------------|---|-------------------------------|
| Current interest bonds     | 1.50 - 5.00%     | \$ -                                    | \$ 5,945,000        | \$ -        | \$ 5,945,000                            | \$ 160,000                    |
| Capital appreciation bonds |                  | -                                       | 55,000              | -           | 55,000                                  | -                             |
| Accreted interest          |                  | -                                       | 4,419               | -           | 4,419                                   | -                             |
| <b>Total</b>               |                  | <u>\$ -</u>                             | <u>\$ 6,004,419</u> | <u>\$ -</u> | <u>\$ 6,004,419</u>                     | <u>\$ 160,000</u>             |

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 10 - LONG-TERM OBLIGATIONS – (Continued)**

D. Principal and interest requirements to retire the refunding bonds outstanding at June 30, 2012, are as follows:

| Fiscal Year<br>Ending June 30, | Current Interest Bonds - 2011 |                     |                      | Capital Appreciation Bonds - 2011 |                   |                   |
|--------------------------------|-------------------------------|---------------------|----------------------|-----------------------------------|-------------------|-------------------|
|                                | Principal                     | Interest            | Total                | Principal                         | Interest          | Total             |
| 2013                           | \$ 160,000                    | \$ 226,947          | \$ 386,947           | \$ -                              | \$ -              | \$ -              |
| 2014                           | 115,000                       | 224,597             | 339,597              | -                                 | -                 | -                 |
| 2015                           | 120,000                       | 222,247             | 342,247              | -                                 | -                 | -                 |
| 2016                           | 125,000                       | 219,797             | 344,797              | -                                 | -                 | -                 |
| 2017                           | 130,000                       | 217,247             | 347,247              | -                                 | -                 | -                 |
| 2018 - 2022                    | 770,000                       | 1,036,585           | 1,806,585            | 40,000                            | 360,000           | 400,000           |
| 2023 - 2027                    | 460,000                       | 962,037             | 1,422,037            | 15,000                            | 185,000           | 200,000           |
| 2028 - 2032                    | 1,320,000                     | 760,240             | 2,080,240            | -                                 | -                 | -                 |
| 2033 - 2037                    | 1,605,000                     | 463,234             | 2,068,234            | -                                 | -                 | -                 |
| 2038 - 2040                    | 1,140,000                     | 87,000              | 1,227,000            | -                                 | -                 | -                 |
| Total                          | <u>\$ 5,945,000</u>           | <u>\$ 4,419,931</u> | <u>\$ 10,364,931</u> | <u>\$ 55,000</u>                  | <u>\$ 545,000</u> | <u>\$ 600,000</u> |

E. On September 22, 2011, the District issued \$1,086,754 of Qualified School Construction Bonds (QSCBs) to finance energy conservation improvements. This issue is comprised of current interest term bonds, par value \$1,086,754.

These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for on the statement of net assets. Payments of interest relating to this bond are recorded as expenditures in the permanent improvement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issues is December 1, 2026.

For QSCBs, the District receives a direct payment subsidy from the United States Treasury equal to 100% of the lesser of the interest payments on the bonds or the federal tax credits that would otherwise have been available to the holders of the bonds. The District recorded this subsidy from the federal government in the amount of \$33,750 in the bond retirement fund.

| Fiscal<br>Year Ended, | Current Interest Bonds |                   |                     |
|-----------------------|------------------------|-------------------|---------------------|
|                       | Principal              | Interest          | Total               |
| 2013                  | \$ 64,908              | \$ 100,954        | \$ 165,862          |
| 2014                  | 67,913                 | 55,223            | 123,136             |
| 2015                  | 68,660                 | 51,405            | 120,065             |
| 2016                  | 69,415                 | 47,546            | 116,961             |
| 2017                  | 70,179                 | 43,645            | 113,824             |
| 2018 - 2022           | 362,645                | 158,184           | 520,829             |
| 2023 - 2037           | 383,034                | 53,996            | 437,030             |
| Total                 | <u>\$ 1,086,754</u>    | <u>\$ 510,953</u> | <u>\$ 1,597,707</u> |

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 10 - LONG-TERM OBLIGATIONS – (Continued)**

**F. 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, 2007. 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, 2012, are a voted debt margin of \$11,431,041 and an unvoted debt margin of \$202,270.

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiating agreements and State laws. Classified employees earn up to twenty-five days of vacation per year, depending upon length of service. Administrators may cash out and/or carry over up to ten days of vacation. 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 sick days which can accumulate is restricted.

**B. Health Care Benefits**

The District contracted with Lake Erie Employee Protection Plan (LEEPP) to provide health and dental insurance. LEEPP is a program administered by Lake Erie Regional Council of Governments (LERC).

**C. Life Insurance**

Life insurance is offered to employees through Lake Erie Regional Council of Governments (LERC) through Dearborn National Life Insurance. The Treasurer, Superintendent, Building Principals, Transportation Supervisor, Maintenance Supervisor, Psychologist, Superintendent's Secretary and Treasurer's Staff member receive 4 times their salary up to \$250,000 coverage for \$30 per month; and certified employees receive coverage equal to their pay to the nearest thousand up to \$50,000, custodial and classified employees who work 4hrs plus receive \$20,000 for \$2.40 per month, and classified employees who work under 4 hours receive \$9,000 for \$1.08 per month.



**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2012, the District has contracted with the Schools of Ohio Risk Sharing Authority (SORSA) to provide insurance coverage in the following amounts:

| <u>Type of Coverage</u>                     | <u>Amount</u> |
|---|---------------|
| Building and contents<br>(replacement cost) | \$30,482,842  |
| Flood Liability                             | 2,000,000     |
| General liability:                          |               |
| Per occurrence                              | 6,000,000     |
| Automobile liability:                       |               |
| Combined single limit                       | 6,000,000     |
| Bodily injury per occurrence                | 5,000         |
| Employee benefits                           | 6,000,000     |

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

**B. Bonding**

Public officials bonds of \$20,000 are maintained for the Superintendent and the Board President by Western Surety Company. The Treasurer is covered by Travelers Casualty and Surety Company of America in the amount of \$20,000.

**C. Workers' Compensation**

For fiscal year 2012, the District participated in the OASBO/CompManagement, Inc. Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**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 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$224,771, \$201,561 and \$220,456, respectively; 60.37 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**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 website at [www.strsoh.org](http://www.strsoh.org), under "*Publications*".

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.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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 2012, 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, 2012, 2011 and 2010 were \$690,843, \$682,733 and \$679,382, respectively; 83.59 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$31,362 made by the District and \$22,402 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, 2012, 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 Section 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 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the 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".

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**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 2012, 0.55 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 2012, 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, 2012, 2011 and 2010 were \$42,300, \$50,725 and \$33,627, respectively; 60.37 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$13,274, \$12,971 and \$13,110, respectively; 60.37 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**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), under "Publications" 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 2012, 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, 2012, 2011 and 2010 were \$53,142, \$52,518 and \$52,260, respectively; 83.59 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**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 and disbursements.

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 assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (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                            | \$ (1,097,951)        |
| Net adjustment for revenue accruals     | 22,273                |
| Net adjustment for expenditure accruals | (14,804)              |
| Net adjustment for other sources/uses   | 33,232                |
| Funds budgeted elsewhere                | 1,551                 |
| Adjustment for encumbrances             | 42,263                |
| GAAP basis                              | <u>\$ (1,013,436)</u> |

Some funds are included in the general fund (GAAP-basis), but have separate legally adopted budgets (budget basis). The funds include uniform school supplies, mental health rotary, underground storage tank fund and public school support fund.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 16 - CONTINGENCIES**

**A. Grants and ADM**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data; however, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

**B. Litigation**

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

**NOTE 17 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

|   | <u>Capital<br/>Improvements</u> |
|---|---------------------------------|
| Set-aside balance June 30, 2011   | \$ -                            |
| Current year set-aside requirement  | 177,901                         |
| Contributions in excess of the current<br>fiscal year set-aside requirement | -                               |
| Current year qualifying expenditures  | (13,507)                        |
| Excess qualified expenditures from prior years                              | -                               |
| Current year offsets  | (400,024)                       |
| Waiver granted by ODE   | -                               |
| Prior year offset from bond proceeds  | -                               |
| Total   | <u>\$ (235,630)</u>             |
| Balance carried forward to fiscal year 2013                                 | <u>\$ -</u>                     |
| Set-aside balance June 30, 2012   | <u>\$ -</u>                     |

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 18 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

| <u>Fund Type</u>      | <u>Year-End<br/>Encumbrances</u> |
|-----------------------|----------------------------------|
| General               | \$ 37,470                        |
| Permanent improvement | 1,133,098                        |
| Other governmental    | <u>68,386</u>                    |
| Total                 | <u>\$ 1,238,954</u>              |

**NOTE 19 - CONTRACTUAL COMMITMENTS**

As a result of construction that was in progress at June 30, 2012, the District had the following outstanding contractual commitments at fiscal year end:

| <u>Vendor</u>                      | <u>Contract<br/>Amount</u> | <u>Amount<br/>Paid</u> | <u>Amount<br/>Outstanding</u> |
|------------------------------------|----------------------------|------------------------|-------------------------------|
| Mr. Excavator                      | \$ 949,263                 | \$ 560,922             | \$ 388,341                    |
| C.T. Taylor Company                | 219,489                    | 171,989                | 47,500                        |
| Platform Cement, Inc.              | 1,042,913                  | 1,037,663              | 5,250                         |
| Lakeland Management Systems        | 1,410,039                  | 1,179,853              | 230,186                       |
| RT Hampton Plumbing & Heating Inc. | 223,449                    | 220,605                | 2,844                         |
| Synergy, LLC                       | 553,689                    | 528,785                | 24,904                        |
| RJ Martin Electrical Services      | 922,219                    | 870,006                | 52,213                        |
| FMD - Blueprints                   | <u>11,070</u>              | <u>11,070</u>          | <u>-</u>                      |
| Total                              | <u>\$ 5,332,131</u>        | <u>\$ 4,580,893</u>    | <u>\$ 751,238</u>             |

**NOTE 20 – FINANCIAL DISTRESS**

During fiscal year 2013, the District has experienced financial difficulty due to the slowing economy and decreasing tax values. As of June 30, 2012, the District had a cash balance of \$373,117. As of December 13, 2012, the cash balance had fallen to \$205,241 with outstanding obligations of \$321,337. Once the obligations are paid, there will be projected negative fund balance of (\$116,096).

To alleviate the financial shortfall, the District is in the process of developing a strategy to stabilize its cash shortfall through the sale of certain assets, more grants, budget cuts and a tax levy vote in May 2013.

**COLUMBIA LOCAL SCHOOL DISTRICT**  
**Lorain County, Ohio**  
Schedule of Federal Awards Expenditures  
For the Fiscal Year Ended June 30, 2012

| Federal Grantor/Pass Trough<br>Grantor Program Title  | CFDA<br>Number | Federal<br>Receipts | Federal<br>Disbursements |
|---|----------------|---------------------|--------------------------|
| <b>U. S. DEPARTMENT OF EDUCATION</b>                  |                |                     |                          |
| <i>(Passed Through Ohio Department of Education):</i> |                |                     |                          |
| Title I - 2011  | 84.010         | \$ -                | \$ 21,689                |
| Title I - 2012  | 84.010         | 108,515             | 85,430                   |
| ARRA - Title I - 2011                                 | 84.389         | -                   | 1,384                    |
| Total Title I   |                | 108,515             | 108,503                  |
| IDEA Part B-Special Education 2011                    | 84.027         | -                   | 37,306                   |
| IDEA Part B-Special Education 2012                    | 84.027         | 189,026             | 167,289                  |
| ARRA - IDEA Part B 2011                               | 84.391         | -                   | 3,613                    |
| Total IDEA-B  |                | 189,026             | 208,208                  |
| Title II-D  | 84.318         | 525                 | 525                      |
| Title II-A 2011                                       | 84.367         | -                   | 2,599                    |
| Title II-A 2012                                       | 84.367         | 31,779              | 30,322                   |
| Total Title II-A                                      |                | 31,779              | 32,921                   |
| Education Jobs Fund                                   | 84.410         | 152,497             | 128,626                  |
| ARRA - State Fiscal Budget Stabilizator               | 84.394         | -                   | 24,595                   |
| <b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>            |                | <b>482,342</b>      | <b>503,378</b>           |
| <b>U. S. DEPARTMENT OF AGRICULTURE</b>                |                |                     |                          |
| Child Nutrition Cluster:                              |                |                     |                          |
| Passed through Ohio Department of Education:          |                |                     |                          |
| Cash Assistance:                                      |                |                     |                          |
| National School Lunch Program                         | 10.555         | 104,240             | 104,240                  |
| Direct Program: Non-Cash Assistance:                  |                |                     |                          |
| National School Lunch Program - see Note 2            | 10.555         | 18,329              | 18,329                   |
| Total Nutrition Cluster                               |                | 122,569             | 122,569                  |
| <b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>          |                | <b>122,569</b>      | <b>122,569</b>           |
| <b>TOTAL FEDERAL RECEIPTS AND EXPENDITURES</b>        |                | <b>\$ 604,911</b>   | <b>\$ 625,947</b>        |

See Notes to the Schedule of Federal Award Expenditures



**COLUMBIA LOCAL SCHOOL DISTRICT**  
**Lorain County, Ohio**  
**Notes to the Schedule of Federal Award Expenditures**  
**For the Year Ended June 30, 2012**

**1. Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

**2. Food Distribution**

Nonmonetary assistance is reported in the schedule at the entitlement value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2012, the District had food commodities in inventory.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

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

Columbia Local School District  
Lorain County  
25796 Royalton Road  
Columbia Station, OH 44028

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 Columbia Local School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2012. As described in Note 20, we noted the District is experiencing certain financial difficulties. 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 Controls 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 auditing 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 District's internal control over financial reporting.

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

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

## Compliance and Other Matters

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

We intend this report solely for the information and use of management, the audit committee, the Board of Education, 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 "Charles E. Harris". The signature is written in a cursive, slightly slanted style.

***Charles E. Harris and Associates, Inc.***

December 7, 2012

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

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

Columbia Local School District  
Lorain County  
25796 Royalton Road  
Columbia Station, OH 44028

To the Board of Education:

Compliance

We have audited the compliance of the Columbia Local School District, Lorain County, Ohio's (the District) compliance 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 federal programs for the year ended June 30, 2012. 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 opine on the District's compliance based on our audit.

Our compliance audit followed 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*. These 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 these 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 these requirements.

In our opinion, the Columbia Local School District, Lorain County, Ohio complied, in all material respects, with the requirements referred to above that directly and materially affect each of its major federal programs for the year ended June 30, 2012.

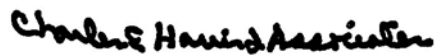
Internal Control Over Compliance

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, the 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.



**CHARLES E. HARRIS & ASSOCIATES, INC.**

December 7, 2012

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY  
JUNE 30, 2012**

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

|              |  |   |
|--------------|--|---|
| (d)(1)(i)    | <i>Type of Financial Statement Opinion</i>   | Unqualified   |
| (d)(1)(ii)   | <i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i> | No  |
| (d)(1)(ii)   | <i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>    | No  |
| (d)(1)(iii)  | <i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>      | No  |
| (d)(1)(iv)   | <i>Were there any material internal control weaknesses reported for major federal programs?</i>      | No  |
| (d)(1)(iv)   | <i>Were there any significant deficiencies reported for major federal programs?</i>                  | No  |
| (d)(1)(v)    | <i>Type of Major Programs' Compliance Opinion</i>  | Unqualified   |
| (d)(1)(vi)   | <i>Are there any reportable findings under section .510(a)</i>                                       | No  |
| (d)(1)(vii)  | <i>Major Programs:</i>   | Education Jobs - CFDA #84.410<br>National School Lunch Program-<br>CFDA #10.555 |
| (d)(1)(viii) | <i>Dollar Threshold: Type A/B Programs</i>   | Type A: > \$300,000<br>Type B: all others                                       |
| (d)(1)(ix)   | <i>Low Risk Auditee?</i>   | Yes   |

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY  
JUNE 30, 2012**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit report, for the year ending June 30, 2011, reported no material citations or recommendations.

**This page intentionally left blank.**





# Dave Yost • Auditor of State

**COLUMBIA LOCAL SCHOOL DISTRICT**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 5, 2013**