

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

**BASIC FINANCIAL STATEMENTS  
(AUDITED)**

*FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014*

**PATRICIA EDDY, TREASURER**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Columbia Local School District, Lorain County, prepared by Julian & Grube, Inc., for the audit period July 1, 2013 through June 30, 2014. 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

December 19, 2014

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

**BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

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

To the Board of Education:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Columbia Local School District, Lorain County, Ohio, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Columbia Local School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Columbia Local School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Columbia Local School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Columbia Local School District, Lorain County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014 on our consideration of the Columbia Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Columbia Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
November 14, 2014

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014. 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 2014 are as follows:

- In total, net position of governmental activities increased \$1,797,223 or 167.78%.
- General revenues accounted for \$10,536,144 in revenue or 87.85% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$1,504,523 or 12.50% of total revenues of \$12,040,667.
- The District had \$10,243,444 in expenses related to governmental activities; only \$1,504,523 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 \$10,536,144 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$10,461,166 in revenues and other financing sources and \$9,083,783 in expenditures and other financing uses. During fiscal year 2014, the general fund's fund balanced increased \$1,377,383 from a fund deficit of \$916,322 to \$461,061.

**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 position 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 is the most significant fund and the only governmental fund reported as a major fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Reporting the District as a Whole**

*Statement of Net Position 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 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, 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 position and changes in that position. This change in net position 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 position 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 position and statement of activities can be found on pages 14-15 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 10. 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 fund is the general 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 position 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 16-20 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 a separate statement of fiduciary assets and liabilities on page 21. 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, 2014

*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 22-50 of this report.

**The District as a Whole**

The table below provides a summary of the District's net position for fiscal years 2014 and 2013.

	<b>Net Position</b>	
	Governmental Activities 2014	Governmental Activities 2013
<b><u>Assets</u></b>		
Current and other assets	\$ 9,876,422	\$ 7,538,401
Capital assets, net	<u>9,617,511</u>	<u>9,677,356</u>
Total assets	<u>19,493,933</u>	<u>17,215,757</u>
<b><u>Liabilities</u></b>		
Current liabilities	1,985,134	2,074,937
Long-term liabilities	<u>7,917,671</u>	<u>8,235,180</u>
Total liabilities	<u>9,902,805</u>	<u>10,310,117</u>
<b><u>Deferred inflows of resources</u></b>		
Property taxes levied for the next fiscal year	<u>6,722,706</u>	<u>5,834,441</u>
Total deferred inflows of resources	<u>6,722,706</u>	<u>5,834,441</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	2,267,021	2,198,021
Restricted	383,238	426,339
Unrestricted (deficit)	<u>218,163</u>	<u>(1,553,161)</u>
Total net position	<u>\$ 2,868,422</u>	<u>\$ 1,071,199</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities and deferred inflows of resources by \$2,868,422. Of this total, \$218,163 is unrestricted in use.

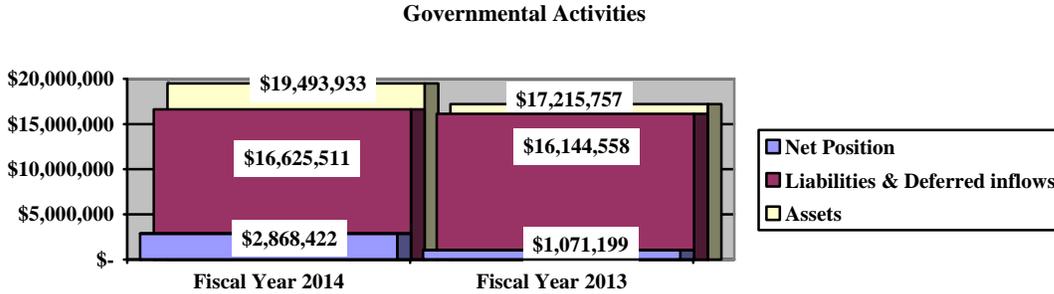
At year-end, capital assets represented 49.34% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Net investment in capital assets at June 30, 2014, was \$2,267,021. These capital 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

A portion of the District's net position, \$383,238, represents resources that are subject to external restriction on how they may be used.

The table below provides a summary of the District's net position for fiscal years 2014 and 2013:



The table below shows the change in net position for fiscal years 2014 and 2013.

**Change in Net Position**

	Governmental Activities 2014	Governmental Activities 2013
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 847,336	\$ 915,032
Operating grants and contributions	657,187	619,959
General revenues:		
Property taxes	7,353,401	6,359,677
Grants and entitlements	3,106,754	3,127,165
Investment earnings	823	1,828
Other	75,166	133,759
Total revenues	<u>\$ 12,040,667</u>	<u>\$ 11,157,420</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Change in Net Position**

	<u>Governmental Activities 2014</u>	<u>Governmental Activities 2013</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,043,033	\$ 4,536,841
Special	952,208	995,784
Vocational	-	168,586
Other	349,016	391,710
Support services:		
Pupil	825,429	575,191
Instructional staff	240,344	453,684
Board of education	175	16,976
Administration	900,610	968,119
Fiscal	409,566	384,040
Operations and maintenance	746,151	1,137,103
Pupil transportation	675,279	641,731
Central	163,538	111,109
Food service operations	268,599	342,902
Other non-instructional services	12,424	2,890
Extracurricular activities	365,574	483,432
Interest and fiscal charges	<u>291,498</u>	<u>286,530</u>
Total expenses	<u>10,243,444</u>	<u>11,496,628</u>
Change in net position	1,797,223	(339,208)
Net position at beginning of year	<u>1,071,199</u>	<u>1,410,407</u>
Net position at end of year	<u>\$ 2,868,422</u>	<u>\$ 1,071,199</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$1,797,223. Total governmental expenses of \$10,243,444 were offset by program revenues of \$1,504,523 and general revenues of \$10,536,144. Program revenues supported 14.69% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 86.87% of total governmental revenue. Real estate property is reappraised every six years.

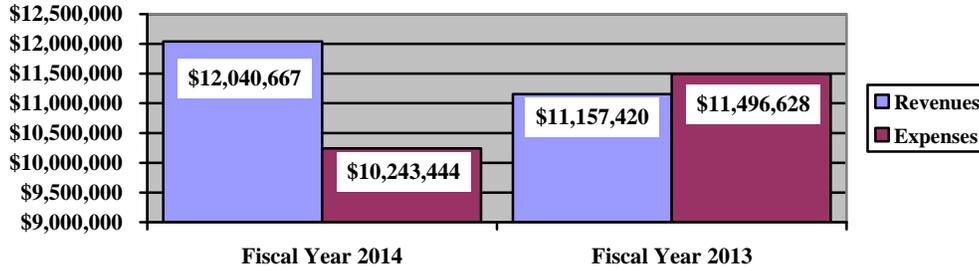
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,344,257 or 52.17% of total governmental expenses for fiscal year 2014.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2014 and 2013:

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,043,033	\$ 3,438,931	\$ 4,536,841	\$ 3,861,909
Special	952,208	675,272	995,784	829,063
Vocational	-	-	168,586	165,223
Other	349,016	349,016	391,710	391,710
Support services:				
Pupil	825,429	713,160	575,191	448,354
Instructional staff	240,344	230,612	453,684	443,159
Board of education	175	175	16,976	4,396
Administration	900,610	862,433	968,119	918,758
Fiscal	409,566	409,566	384,040	384,040
Operations and maintenance	746,151	725,960	1,137,103	1,117,394
Pupil transportation	675,279	644,227	641,731	602,738
Central	163,538	163,538	111,109	111,109
Food service operations	268,599	52,104	342,902	70,219
Other non-instructional services	12,424	(7,648)	2,890	2,890
Extracurricular activities	365,574	231,240	483,432	324,145
Interest and fiscal charges	291,498	250,335	286,530	286,530
<b>Total expenses</b>	<u>\$ 10,243,444</u>	<u>\$ 8,738,921</u>	<u>\$ 11,496,628</u>	<u>\$ 9,961,637</u>

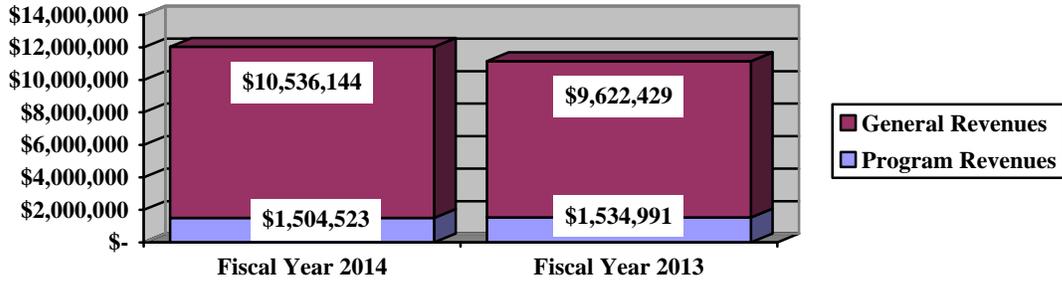
The dependence upon tax and other general revenues for governmental activities is apparent, 83.51% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.31%.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The graph below presents the District's governmental activities revenue for fiscal years 2014 and 2013:

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on page 16) reported a combined fund balance of \$895,046 which is higher than last year's deficit of \$476,656. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	Fund Balance June 30, 2014	Fund Balance (Deficit) June 30, 2013	Increase (Decrease)
General	\$ 461,061	\$ (916,322)	\$ 1,377,383
Other Governmental	433,985	439,666	(5,681)
<b>Total</b>	<b>\$ 895,046</b>	<b>\$ (476,656)</b>	<b>\$ 1,371,702</b>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

***General Fund***

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 6,569,593	\$ 5,690,926	15.44 %
Tuition	548,550	562,752	(2.52) %
Earnings on investments	823	809	1.73 %
Intergovernmental	3,178,909	3,096,436	2.66 %
Other revenues	<u>146,342</u>	<u>243,379</u>	(39.87) %
Total	<u>\$ 10,444,217</u>	<u>\$ 9,594,302</u>	8.86 %
<b><u>Expenditures</u></b>			
Instruction	\$ 5,046,385	\$ 5,779,117	(12.68) %
Support services	3,602,172	3,864,678	(6.79) %
Extracurricular activities	255,560	362,678	(29.54) %
Capital outlay	-	24,610	(100.00) %
Debt service	<u>28,360</u>	<u>33,623</u>	(15.65) %
Total	<u>\$ 8,932,477</u>	<u>\$ 10,064,706</u>	(11.25) %

The District experienced an 8.86% or \$849,915 increase in general fund revenues. The most significant area of increase was in taxes. Taxes increased 15.44% or \$878,667 due to the passage of a \$5.5 million dollar levy in November 2013. Other revenues decreased 39.87% or \$97,037 due to a sale of property in fiscal year 2013.

Expenditures in the general fund decreased by 11.25% or \$1,132,229. The District had a decrease of instruction services of 12.68% or \$732,732 due to the elimination of various District programs in fiscal year 2014. Extracurricular activities had a decrease of 29.54% or \$107,118 due to the elimination of several afterschool activities in fiscal year 2014. Capital outlay also had a decrease of 100% or \$24,610 due to the District entering into a capital lease in fiscal year 2013.

***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 \$9,577,728 and final revenues and other financing sources were \$10,109,102. Actual revenues and other financing sources for fiscal 2014 were \$10,299,556. This represents a \$190,454 increase from final budgeted revenues.

General fund original appropriations were \$9,597,287 and final appropriations and other financing uses were \$9,677,287. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$9,272,529, which was \$404,758 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, 2014

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2014, the District had \$9,617,511 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 2014 balances compared to 2014:

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 400,614	\$ 400,614
Construction in progress	189,832	5,852,835
Land improvements	329,973	315,025
Building and improvements	8,213,551	2,490,402
Furniture and equipment	353,017	360,434
Vehicles	108,249	226,901
Infrastructure	<u>22,275</u>	<u>31,145</u>
<b>Total</b>	<b><u>\$ 9,617,511</u></b>	<b><u>\$ 9,677,356</u></b>

The overall decrease in capital assets of \$59,845 is primarily due to depreciation expense of \$378,372 and disposals (net of accumulated depreciation) of \$229,848 exceeding capital outlays of \$548,375 for fiscal 2014.

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

***Debt Administration***

At June 30, 2014, the District had \$32,007 in lease purchase obligations, \$49,708 in capital lease obligations, \$5,758,998 in general obligation bonds, and \$953,933 in qualified school construction bonds outstanding. Of this total, \$223,981 is due within one year and \$6,570,665 is due in more than one year.

At June 30, 2014, the District's overall legal debt margin was \$11,029,709, and the unvoted debt margin was \$195,422. See Note 11 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, 2014**

**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 2012 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, as well as the November 2012 passage of two renewals of \$950,000 and \$647,000 emergency levies and the passage of a 5.5 mil 5-year operating levy in November 2013.

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 Eddy, Treasurer, at Columbia Local School District, 25796 Royalton Road, Columbia Station, Ohio 44028.

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET POSITION  
JUNE 30, 2014

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 2,118,980
Receivables:	
Taxes . . . . .	7,646,823
Accounts. . . . .	2,653
Intergovernmental . . . . .	106,155
Materials and supplies inventory. . . . .	1,811
Capital assets:	
Land and construction in progress . . . . .	590,446
Depreciable capital assets, net. . . . .	9,027,065
Capital assets, net . . . . .	9,617,511
 Total assets. . . . .	 19,493,933
<b>Liabilities:</b>	
Accounts payable. . . . .	38,326
Contracts payable. . . . .	185,250
Accrued wages and benefits . . . . .	873,890
Pension obligation payable. . . . .	187,109
Intergovernmental payable . . . . .	29,791
Accrued interest payable . . . . .	20,768
Tax anticipation note payable . . . . .	650,000
Long-term liabilities:	
Due within one year. . . . .	330,122
Due in more than one year. . . . .	7,587,549
 Total liabilities . . . . .	 9,902,805
<b>Deferred Inflows of Resources:</b>	
Property taxes levied for the next fiscal year. . . . .	6,722,706
 Total deferred inflows of resources . . . . .	 6,722,706
<b>Net Position:</b>	
Net investment in capital assets . . . . .	2,267,021
Restricted for:	
Capital projects . . . . .	227,142
Debt service. . . . .	71,373
Locally funded programs . . . . .	3,495
State funded programs. . . . .	46
Federally funded programs . . . . .	17,796
Student activities . . . . .	63,386
Unrestricted. . . . .	218,163
 Total net position. . . . .	 \$ 2,868,422

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, 2014

	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 4,043,033	\$ 578,701	\$ 25,401	\$ (3,438,931)
Special . . . . .	952,208	4,262	272,674	(675,272)
Other . . . . .	349,016	-	-	(349,016)
Support services:				
Pupil . . . . .	825,429	3,242	109,027	(713,160)
Instructional staff . . . . .	240,344	-	9,732	(230,612)
Board of education . . . . .	175	-	-	(175)
Administration . . . . .	900,610	-	38,177	(862,433)
Fiscal . . . . .	409,566	-	-	(409,566)
Operations and maintenance . . . . .	746,151	19,849	342	(725,960)
Pupil transportation . . . . .	675,279	-	31,052	(644,227)
Central . . . . .	163,538	-	-	(163,538)
Other non-instructional services . . . . .	12,424	4,095	15,977	7,648
Food service operations . . . . .	268,599	113,791	102,704	(52,104)
Extracurricular activities . . . . .	365,574	123,396	10,938	(231,240)
Interest and fiscal charges . . . . .	291,498	-	41,163	(250,335)
Total governmental activities . . . . .	\$ 10,243,444	\$ 847,336	\$ 657,187	(8,738,921)
 <b>General Revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				6,654,156
Debt service . . . . .				350,619
Capital projects . . . . .				348,626
Grants and entitlements not restricted to specific programs . . . . .				3,106,754
Investment earnings . . . . .				823
Miscellaneous . . . . .				75,166
Total general revenues . . . . .				10,536,144
Change in net position . . . . .				1,797,223
<b>Net position at beginning of year . . . . .</b>				1,071,199
<b>Net position at end of year . . . . .</b>				\$ 2,868,422

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 1,506,096	\$ 612,884	\$ 2,118,980
Receivables:			
Property taxes. . . . .	6,984,723	662,100	7,646,823
Accounts . . . . .	2,394	259	2,653
Intergovernmental. . . . .	92,673	13,482	106,155
Materials and supplies inventory. . . . .	-	1,811	1,811
Total assets . . . . .	\$ 8,585,886	\$ 1,290,536	\$ 9,876,422
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 26,742	\$ 11,584	\$ 38,326
Contracts payable. . . . .	-	185,250	185,250
Accrued wages and benefits. . . . .	822,030	51,860	873,890
Compensated absences payable . . . . .	69,682	-	69,682
Pension obligation payable . . . . .	174,548	12,561	187,109
Intergovernmental payable . . . . .	28,005	1,786	29,791
Tax anticipation note payable. . . . .	650,000	-	650,000
Total liabilities. . . . .	1,771,007	263,041	2,034,048
<b>Deferred Inflows of Resources:</b>			
Property taxes levied for the next fiscal year. . . . .	6,140,621	582,085	6,722,706
Delinquent property tax revenue not available. . . . .	120,524	11,425	131,949
Intergovernmental revenue not available. . . . .	92,673	-	92,673
Total deferred inflows of resources . . . . .	6,353,818	593,510	6,947,328
<b>Fund Balances:</b>			
Nonspendable:			
Materials and supplies inventory . . . . .	-	1,811	1,811
Restricted:			
Debt service . . . . .	-	120,666	120,666
Capital improvements . . . . .	-	221,190	221,190
Food service operations . . . . .	-	5,595	5,595
Special education . . . . .	-	7,574	7,574
Targeted academic assistance. . . . .	-	10,042	10,042
Other purposes . . . . .	-	3,721	3,721
Extracurricular . . . . .	-	63,386	63,386
Assigned:			
Student instruction . . . . .	847	-	847
Student and staff support. . . . .	10,652	-	10,652
Unassigned . . . . .	449,562	-	449,562
Total fund balances . . . . .	461,061	433,985	895,046
Total liabilities, deferred inflows and fund balances . . . . .	\$ 8,585,886	\$ 1,290,536	\$ 9,876,422

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014

<b>Total governmental fund balances</b>	\$	895,046
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		9,617,511
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Taxes receivable	\$ 131,949	
Intergovernmental receivable	92,673	
Total		224,622
Unamortized premiums on bonds issued are not recognized in the funds.		(404,592)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(20,768)
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	(49,708)	
Compensated absences payable	(648,751)	
General obligation current interest bonds	(5,670,000)	
General obligation capital appreciation bonds	(55,000)	
Accreted interest on capital appreciation bonds	(33,998)	
Qualified school construction bonds	(953,933)	
Lease purchase agreement	(32,007)	
Total		(7,443,397)
<b>Net position of governmental activities</b>	<b>\$</b>	<b>2,868,422</b>

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, 2014

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 6,569,593	\$ 687,820	\$ 7,257,413
Tuition . . . . .	548,550	-	548,550
Charges for services . . . . .	-	118,265	118,265
Earnings on investments . . . . .	823	-	823
Extracurricular . . . . .	14,395	109,345	123,740
Classroom materials and fees . . . . .	34,069	-	34,069
Rental income . . . . .	19,470	-	19,470
Contributions and donations . . . . .	3,242	10,972	14,214
Other local revenues . . . . .	75,166	-	75,166
Intergovernmental - Intermediate . . . . .	-	8,417	8,417
Intergovernmental - State . . . . .	3,178,909	144,952	3,323,861
Intergovernmental - Federal . . . . .	-	422,510	422,510
Total revenue. . . . .	<u>10,444,217</u>	<u>1,502,281</u>	<u>11,946,498</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	3,830,277	38,507	3,868,784
Special . . . . .	814,992	133,694	948,686
Other . . . . .	401,116	-	401,116
Support services:			
Pupil . . . . .	737,071	111,446	848,517
Instructional staff . . . . .	210,708	9,354	220,062
Board of education . . . . .	19,767	-	19,767
Administration . . . . .	845,035	39,024	884,059
Fiscal . . . . .	383,373	12,232	395,605
Operations and maintenance . . . . .	704,010	909	704,919
Pupil transportation . . . . .	539,661	-	539,661
Central . . . . .	162,547	-	162,547
Other non-instructional services . . . . .	-	19,306	19,306
Food service operations . . . . .	-	272,718	272,718
Extracurricular activities . . . . .	255,560	100,848	356,408
Facilities acquisition and construction. . . . .	-	580,692	580,692
Debt service:			
Principal retirement . . . . .	18,055	198,223	216,278
Interest and fiscal charges . . . . .	10,305	281,227	291,532
Total expenditures . . . . .	<u>8,932,477</u>	<u>1,798,180</u>	<u>10,730,657</u>
Excess (deficiency) of expenditures over (under) revenues. . . . .	<u>1,511,740</u>	<u>(295,899)</u>	<u>1,215,841</u>
<b>Other financing sources (uses):</b>			
Sale of assets . . . . .	16,949	138,912	155,861
Transfers in . . . . .	-	151,306	151,306
Transfers (out) . . . . .	<u>(151,306)</u>	<u>-</u>	<u>(151,306)</u>
Total other financing sources (uses). . . . .	<u>(134,357)</u>	<u>290,218</u>	<u>155,861</u>
Net change in fund balances. . . . .	1,377,383	(5,681)	1,371,702
<b>Fund balances (deficit) at beginning of year. . . . .</b>	<u>(916,322)</u>	<u>439,666</u>	<u>(476,656)</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 461,061</u>	<u>\$ 433,985</u>	<u>\$ 895,046</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, 2014

<b>Net change in fund balances - total governmental funds</b>	\$	1,371,702
<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	\$ 548,375	
Depreciation expense	(378,372)	
Total		170,003
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(229,848)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	95,988	
Intergovernmental revenue	70,181	
Total		166,169
Principal payments on bonds, capital leases and lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		216,278
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:		
Accrued interest	345	
Accreted interest on capital appreciation bonds	(16,282)	
Amortization of bond premiums	15,971	
Total		34
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.		
		102,885
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>1,797,223</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, 2014

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 5,751,421	\$ 6,259,716	\$ 6,391,193	\$ 131,477
Tuition . . . . .	566,792	564,810	548,550	(16,260)
Earnings on investments . . . . .	510	507	823	316
Classroom materials and fees . . . . .	17,051	17,007	12,161	(4,846)
Rental income . . . . .	18,441	18,371	19,470	1,099
Contributions and donations . . . . .	5,100	5,100	-	(5,100)
Other local revenues . . . . .	56,865	56,613	68,484	11,871
Intergovernmental - State . . . . .	3,135,558	3,121,476	3,178,909	57,433
Total revenue . . . . .	<u>9,551,738</u>	<u>10,043,600</u>	<u>10,219,590</u>	<u>175,990</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,961,992	4,035,301	3,969,738	65,563
Special . . . . .	824,538	852,607	826,287	26,320
Vocational . . . . .	22,492	26,669	26,669	-
Other . . . . .	403,471	418,218	401,116	17,102
Support services:				
Pupil . . . . .	629,057	690,078	659,754	30,324
Instructional staff . . . . .	252,191	264,344	253,196	11,148
Board of education . . . . .	17,321	21,755	19,737	2,018
Administration . . . . .	928,611	886,733	867,107	19,626
Fiscal . . . . .	400,835	394,460	385,858	8,602
Operations and maintenance . . . . .	880,806	819,856	726,001	93,855
Pupil transportation . . . . .	727,492	634,595	567,053	67,542
Central . . . . .	102,836	157,838	155,258	2,580
Extracurricular activities . . . . .	274,188	299,297	270,935	28,362
Debt service:				
Interest and fiscal charges . . . . .	46	5,536	5,536	-
Total expenditures . . . . .	<u>9,425,876</u>	<u>9,507,287</u>	<u>9,134,245</u>	<u>373,042</u>
Excess of expenditures over revenues . . . . .	<u>125,862</u>	<u>536,313</u>	<u>1,085,345</u>	<u>549,032</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	25,780	65,353	63,017	(2,336)
Transfers (out) . . . . .	(171,411)	(170,000)	(138,284)	31,716
Sale of capital assets . . . . .	210	149	16,949	16,800
Total other financing sources (uses) . . . . .	<u>(145,421)</u>	<u>(104,498)</u>	<u>(58,318)</u>	<u>46,180</u>
Net change in fund balance . . . . .	(19,559)	431,815	1,027,027	595,212
<b>Fund balance at beginning of year . . . . .</b>	362,851	362,851	362,851	-
<b>Prior year encumbrances appropriated . . . . .</b>	29,789	29,789	29,789	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 373,081</u>	<u>\$ 824,455</u>	<u>\$ 1,419,667</u>	<u>\$ 595,212</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, 2014

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 88,656
Total assets. . . . .	<u>\$ 88,656</u>
<b>Liabilities:</b>	
Due to students. . . . .	\$ 88,656
Total liabilities . . . . .	<u>\$ 88,656</u>

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, 2014**

**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 54 non-certified personnel, 73 certified teaching personnel and 6 administrators who provide services to 954 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 559<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'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" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". 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 government's 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, 2014

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Tri-Rivers Educational Computer Association

The District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public Districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Districts. The Governing Board of TRECA consists of one representative from each county elected by majority vote of all charter member Districts within each county, one representative from the city Districts and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2014, the District paid \$10,227 to TRECA for various services. Financial information can be obtained from the Tri-Rivers Educational Computer Association, 100 Executive Drive, Marion, Ohio 43302.

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.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 199 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 2014, the District paid \$762 to the Council. Financial information can be obtained by contacting Kelly Rocco, Office Manager of the Ohio Schools Council at 6393 Oak Tree Blvd. Suite 377, Independence, Ohio 44131.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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. There are currently 151 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 addition to the prepaid natural gas purchase program, the District also participates in the Power4Schools program.

The Power4Schools program is a partnership between the Ohio Schools Council (OSC), the Ohio Association of School Business Officials (OASBO), the Ohio School Boards Association (OSBA) and the Buckeye Association of School Administrators (BASA) offering electric generation savings for Ohio school districts.

It is the merging of OSC's Energy for Education Program with OASBO, OSBA and BASA's SchoolPool Program to create a partnership by pooling purchasing power statewide. The mission of the program is to bring savings on electric generation costs and budget certainty to Ohio public schools.

Power4Schools has selected FirstEnergy Solutions as its exclusive provider for school districts in the Ohio Edison, The Illuminating Company, Toledo Edison, Duke Energy and AEP Ohio Power service areas. FirstEnergy Solutions Corp., based in Akron, is a leading energy supplier, serving residential, commercial and industrial customers throughout the Northeast, Midwest and Mid-Atlantic regions of the U.S.

*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 13.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, 2014

**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 12.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 and deferred inflows of resources is reported as fund balance. The following is the District's major governmental fund:

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.

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. 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 agency funds account for student activities, teacher vending and athletic tournaments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

*Government-wide Financial Statements* - The statement of net position 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

*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 deferred outflows of resources and current liabilities and deferred inflows of resources 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.

**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.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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.

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

*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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

**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 2014.
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.
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 2014. 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.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

**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 2014 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, 2014.

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 2014 amounted to \$823, which includes \$331 assigned from other District funds.

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

An analysis of the District's investment account at 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.

**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 position, but are not reported in the fund financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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:

Description	Governmental Activities <u>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, 2014, 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, 2014, 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.

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.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

**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. Bonds and leases are recognized as a liability on the fund financial statements when due.

**K. 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.

*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.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

*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.

**L. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District 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 position is available.

**M. 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.

**N. 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.

**O. 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 2014.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

**P. Bond Premium and Discount/Accounting Gain or Loss**

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, bond premiums are recognized in the current period.

A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 11.A.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**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.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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;
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.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

**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. Deposits with Financial Institutions**

At June 30, 2014, the carrying amount of all District deposits was \$2,203,250. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2014, \$2,024,813 of the District’s bank balance of \$2,274,813 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

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

**C. Investments**

As of June 30, 2014, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	<u>\$ 3,186</u>	<u>\$ 3,186</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. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District’s investment policy does not specifically address credit risk beyond requiring the District to 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.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

*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, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 3,186	100.00

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

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 position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,203,250
Investments	3,186
Cash on hand	<u>1,200</u>
Total	<u>\$ 2,207,636</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 2,118,980
Agency funds	<u>88,656</u>
Total	<u>\$ 2,207,636</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	<u>Amount</u>
General fund	<u>\$ 151,306</u>

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.

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.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, 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 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, 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, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$723,578 in the general fund, \$32,859 in the bond retirement fund (a nonmajor governmental fund) and \$35,731 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$545,178 in the general fund and \$31,660 in the permanent improvement fund (a nonmajor governmental 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, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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 reported as a deferred inflow.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 186,414,270	96.47	\$ 187,981,890	96.19
Public utility personal	<u>6,812,440</u>	<u>3.53</u>	<u>7,440,070</u>	<u>3.81</u>
Total	<u>\$ 193,226,710</u>	<u>100.00</u>	<u>\$ 195,421,960</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 55.06		\$ 60.39	

**COLUMBIA LOCAL SCHOOL DISTRICT  
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**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2014 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 position follows:

**Governmental activities:**

Property taxes	\$ 7,646,823
Accounts	2,653
Intergovernmental	<u>106,155</u>
 Total	 <u>\$ 7,755,631</u>

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2014</u>
<b>Governmental Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 400,614	\$ -	\$ -	\$ 400,614
Construction in progress	<u>5,852,835</u>	<u>311,062</u>	<u>(5,974,065)</u>	<u>189,832</u>
Total capital assets, not being depreciated	<u>6,253,449</u>	<u>311,062</u>	<u>(5,974,065)</u>	<u>590,446</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	558,297	42,615	(29,259)	571,653
Buildings and improvements	5,064,392	6,117,481	(605,936)	10,575,937
Furniture and equipment	2,140,257	51,282	(268,538)	1,923,001
Vehicles	870,696	-	(13,488)	857,208
Infrastructure	<u>98,450</u>	<u>-</u>	<u>(19,987)</u>	<u>78,463</u>
Total capital assets, being depreciated	<u>8,732,092</u>	<u>6,211,378</u>	<u>(937,208)</u>	<u>14,006,262</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(243,272)	(22,707)	24,299	(241,680)
Buildings and improvements	(2,573,990)	(176,963)	388,567	(2,362,386)
Furniture and equipment	(1,779,823)	(58,699)	268,538	(1,569,984)
Vehicles	(643,795)	(118,652)	13,488	(748,959)
Infrastructure	<u>(67,305)</u>	<u>(1,351)</u>	<u>12,468</u>	<u>(56,188)</u>
Total accumulated depreciation	<u>(5,308,185)</u>	<u>(378,372)</u>	<u>707,360</u>	<u>(4,979,197)</u>
Governmental activities capital assets, net	<u>\$ 9,677,356</u>	<u>\$ 6,144,068</u>	<u>\$ (6,203,913)</u>	<u>\$ 9,617,511</u>

**COLUMBIA LOCAL SCHOOL DISTRICT  
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**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 214,125
Special	2,318
<u>Support Services:</u>	
Pupil	4,809
Board of education	117
Administration	5,092
Operations and maintenance	12,026
Pupil transportation	118,809
Central	1,319
Operation of non-instructional services	3,028
Food service operations	1,417
Extracurricular activities	<u>15,312</u>
Total depreciation expense	<u>\$ 378,372</u>

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

- A. During prior years, the District entered into capitalized leases for copier equipment and a phone system. 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 \$205,873. Accumulated depreciation as of June 30, 2014 was \$188,807, leaving a current book value of \$17,066. A corresponding liability was recorded on the statement of net position. Principal retirement and interest and fiscal charges in fiscal year 2014 totaled \$18,055 and \$4,769, 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, 2014:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 22,823
2016	19,644
2017	<u>12,675</u>
Total minimum lease payments	55,142
Less: Amount representing interest	<u>(5,434)</u>
Total	<u>\$ 49,708</u>

- B. During fiscal year 2013, the District entered into lease-purchase agreement with the DeLage Landen Public Finance, LLC. to finance the purchase of a bus. The source of revenue to fund the principal and interest payments is derived from a District permanent improvement levy.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

A capital asset consisting of a bus has been capitalized in the amount of \$64,042. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2014 was 6,404, leaving a current book value of \$57,638. A corresponding liability is recorded in the government-wide financial statements. Principal payments made during fiscal year 2014 totaled \$15,310, paid for by the permanent improvement fund (a nonmajor governmental fund).

A liability in the amount of the present value of minimum lease payments has been recorded in the governmental activities of the District.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2014:

Fiscal Year Ending <u>June 30</u>	<u>Amount</u>
2015	\$ 16,725
2016	<u>16,724</u>
Total	33,449
Less: amount representing interest	<u>(1,442)</u>
Present value of minimum lease payments	<u>\$ 32,007</u>

**NOTE 10 - TAX ANTICIPATION NOTES**

*Tax Anticipation Notes, Series 2013:* On May 9, 2013, the District issued tax anticipation notes to provide funds for various emergency requirements. These notes were issued in anticipation of the collection of a fraction of the proceeds of the \$950,000 emergency tax levy, approved by the electors of the District on November 6, 2012. The notes are recorded as a liability of the general fund.

The notes were issued in the amount of \$650,000 and mature on March 1, 2015. The stated interest rate of the notes is 1.05% and interest payments are due on March 1 and September 1 of each year.

The following is a summary of the future debt service requirements to maturity for the tax anticipation notes:

Fiscal Year Ending June 30,	<u>Tax Anticipation Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	<u>\$ 650,000</u>	<u>\$ 6,562</u>	<u>\$ 656,562</u>

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 11 - LONG TERM OBLIGATIONS**

- A. During the fiscal year 2014, the following activity occurred in governmental activities long-term obligations:

	Balance				Balance	Amounts
	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>		<u>June 30, 2014</u>	<u>Due in</u>
						<u>One Year</u>
<b>Governmental Activities:</b>						
Lease purchase agreement	\$ 47,317	\$ -	\$ (15,310)		\$ 32,007	\$ 15,768
<u>General obligation bonds:</u>						
2011 Series issue						
Bond - 2011 Issue	5,785,000	-	(115,000)		5,670,000	120,000
Capital Appreciation Bond	55,000	-	-		55,000	
Accreted Interest	17,716	16,282	-		33,998	
Qualified school construction bonds	1,021,846	-	(67,913)		953,933	68,660
Capital lease obligation	67,763	-	(18,055)		49,708	19,553
Compensated absences	819,975	42,067	(143,609)		718,433	106,141
Total	<u>\$ 7,814,617</u>	<u>\$ 58,349</u>	<u>\$ (359,887)</u>		7,513,079	<u>\$ 330,122</u>
				Add: unamortized premium bonds	<u>404,592</u>	
Total on statement of net position					<u>\$ 7,917,671</u>	

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 and the lease purchase agreement will be paid from the permanent improvement fund, see Note 9 for details.

- B. 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, 2024 (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 \$33,998 has been included in the statement of net position at June 30, 2014.

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.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

	Interest Rate	Balance Outstanding June 30, 2013	Additions	Reductions	Balance Outstanding June 30, 2014	Amounts Due in One Year
Current interest bonds	1.50 - 5.00%	\$ 5,785,000	\$ -	\$ (115,000)	\$ 5,670,000	\$ 120,000
Capital appreciation bonds		55,000	-	-	55,000	-
Accreted interest		17,716	16,282	-	33,998	-
<b>Total</b>		<u>\$ 5,857,716</u>	<u>\$ 16,282</u>	<u>\$ (115,000)</u>	<u>\$ 5,758,998</u>	<u>\$ 120,000</u>

- C. Principal and interest requirements to retire the refunding bonds outstanding at June 30, 2014, are as follows:

Fiscal Year Ending June 30,	Current Interest Bonds - 2011			Capital Appreciation Bonds - 2011		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 120,000	\$ 222,247	\$ 342,247	\$ -	\$ -	\$ -
2016	125,000	219,797	344,797	-	-	-
2017	130,000	217,247	347,247	-	-	-
2018	135,000	214,597	349,597	-	-	-
2019	140,000	211,672	351,672	-	-	-
2020 - 2024	495,000	1,002,410	1,497,410	40,000	360,000	400,000
2025 - 2029	960,000	905,439	1,865,439	15,000	185,000	200,000
2030 - 2034	1,420,000	650,335	2,070,335	-	-	-
2035 - 2039	1,750,000	314,768	2,064,768	-	-	-
2040	395,000	9,875	404,875	-	-	-
<b>Total</b>	<u>\$ 5,670,000</u>	<u>\$ 3,968,387</u>	<u>\$ 9,638,387</u>	<u>\$ 55,000</u>	<u>\$ 545,000</u>	<u>\$ 600,000</u>

- D. 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 position. Payments of interest relating to this bond are recorded as expenditures in the bond retirement 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 \$41,163 in the bond retirement fund.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Fiscal Year Ended.	Current Interest Bonds		
	Principal	Interest	Total
2015	\$ 68,660	\$ 51,405	\$ 120,065
2016	69,415	47,546	116,961
2017	70,179	43,645	113,824
2018	70,951	39,701	110,652
2019	71,731	35,713	107,444
2020 - 2024	370,667	117,192	487,859
2025 - 2027	232,330	19,574	251,904
Total	<u>\$ 953,933</u>	<u>\$ 354,776</u>	<u>\$ 1,308,709</u>

**E. 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, 2014, are a voted debt margin of \$11,029,709 (including available funds of \$120,666) and an unvoted debt margin of \$195,422.

**NOTE 12 - 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).

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 12 - OTHER EMPLOYEE BENEFITS - (Continued)**

**C. Life Insurance**

Life insurance is offered to employees administered through Ohio Schools Council with American United Life Insurance Company. 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 \$27 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 4 hours plus receive \$20,000 for \$2.10 per month and classified employees who work under 4 hours receive \$9,000 for \$.95 per month.

**NOTE 13 - 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 2014, 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 (replacement cost)	\$24,779,402
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. Building and contents has decreased 18.7% due to the sale of the old school building.

**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.

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**NOTE 13 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation**

For fiscal year 2014, 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.

**NOTE 14 - 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 2014, 13.05 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 14 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, 2014, 2013 and 2012 were \$189,235, \$224,625 and \$224,771, respectively; 75.72 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**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".

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - PENSION PLANS - (Continued)**

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.

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 2014, plan members were required to contribute 11 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 14 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, 2014, 2013 and 2012 were \$590,889, \$656,975 and \$690,843, respectively; 84.80 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$30,484 made by the District and \$23,952 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, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - 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 monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 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".

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 2014, 0.14 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 2014, the actuarially determined amount was \$20,250.

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, 2014, 2013 and 2012 were \$29,730, \$45,044 and \$42,300, respectively; 75.72 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$10,979, \$12,689 and \$13,274, respectively; 75.72 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

**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 2014, 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, 2014, 2013 and 2012 were \$45,453, \$50,537 and \$53,142, respectively; 84.80 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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	\$ 1,027,027
Net adjustment for revenue accruals	178,200
Net adjustment for expenditure accruals	220,538
Net adjustment for other sources/uses	(91,039)
Funds budgeted elsewhere	14,558
Adjustment for encumbrances	28,099
GAAP basis	\$ 1,377,383

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.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**NOTE 18 - 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 18 - SET-ASIDES - (Continued)**

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 Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	160,217
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(8,417)
Excess qualified expenditures from prior years	-
Current year offsets	(390,488)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (238,688)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

**NOTE 19 - 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 Encumbrances</u>
General	\$ 13,491
Other governmental	<u>120,891</u>
Total	<u>\$ 134,382</u>



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's 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, Ohio 44028

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Columbia Local School District, Lorain County, Ohio, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Columbia Local School District's basic financial statements and have issued our report thereon dated November 14, 2014.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Columbia Local School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Columbia Local School District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Columbia Local School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Educational  
Columbia Local School District

***Compliance and Other Matters***

As part of reasonably assuring whether the Columbia Local School 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Columbia Local School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Columbia Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
November 14, 2014

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# 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  
DECEMBER 30, 2014**