



Dave Yost • Auditor of State



**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Columbiana Exempted Village School District, Columbiana County, Ohio (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the 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 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 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, each major fund, and the aggregate remaining fund information of Columbiana Exempted Village School District, Columbiana County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

**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.

*Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Awards Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 27, 2014

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## **Columbiana Exempted Village School District**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*Unaudited*

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The discussion and analysis of Columbiana Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2013 are as follows:

- ❖ The School District is committed to meeting the academic needs of our students by providing them with updated instructional materials to compete in a global environment. During fiscal year 2013, the School District continued using Balanced Literacy and Investigations Math programs.
- ❖ The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.
- ❖ The School District acquired five new school buses in fiscal year 2013, purchasing three from existing cash balances and financing the other buses.
- ❖ Technology is integrated into the curriculum at all grade levels. The School District is committed to a learning community where technology will:
  - Enhance student learning and independence,
  - Facilitate learning in an environment where students are active participants,
  - Improve the administration of the School District,
  - Be utilized by the professional staff effectively,
  - Be utilized across the curriculum, and
  - Enable students to appreciate the role of technology beyond the school environment.

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

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

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

## Columbiana Exempted Village School District

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*Unaudited*

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### Reporting the School District as a Whole

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

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2013?" The *Statement of Net Position* and the *Statement of Activities* answers this question. These statements include all *assets and deferred outflows of resources and liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

#### *Fund Financial Statements*

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

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

## Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

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

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

### The School District as a Whole

You may recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012:

**Table 1**  
**Net Position**

	2013	2012	Change
<b>Assets:</b>			
Current and Other Assets	\$9,387,553	\$9,315,256	\$72,297
Capital Assets, Net	13,431,588	13,422,846	8,742
<i>Total Assets</i>	<u>22,819,141</u>	<u>22,738,102</u>	<u>81,039</u>
<b>Deferred Outflows of Resources:</b>	<u>368,404</u>	<u>392,172</u>	<u>(23,768)</u>
<b>Liabilities:</b>			
Current and Other Liabilities	982,616	864,505	(118,111)
Long-term Liabilities			
Due within One Year	339,080	336,447	(2,633)
Due in More than One Year	15,000,643	15,224,929	224,286
<i>Total Liabilities</i>	<u>16,322,339</u>	<u>16,425,881</u>	<u>103,542</u>
<b>Deferred Inflows of Resources:</b>	<u>3,735,249</u>	<u>3,766,774</u>	<u>31,525</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	73,699	1,251,221	(1,177,522)
Restricted:			
Capital Projects	1,015,306	0	1,015,306
Other Purposes	153,233	123,542	29,691
Unrestricted	1,887,719	1,562,856	324,863
<i>Total Net Position</i>	<u>\$3,129,957</u>	<u>\$2,937,619</u>	<u>\$192,338</u>

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the overall financial position of the School District has improved as evidenced by the increase in net position. Cash and cash equivalents increased due to the School District receiving greater investment income. The increase in capital assets was due to completion of the House Bill 264 capital

## Columbiana Exempted Village School District

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*Unaudited*

project being offset by an additional year of depreciation. Total liabilities decreased during the year due to decreases in both contracts payable and deferred inflows of resources and the School District making principal and interest payments on outstanding debt obligations. Contracts payable decreased due to the completion of several construction projects. Decreases in deferred inflows of resources relates to the decreases in the portion of property tax not immediately available for use. Management is ever cognizant of the costs of providing a quality education.

Table 2 shows the change in net position for fiscal year 2013. A comparative analysis of government-wide data is presented.

**Table 2**  
**Change in Net Position**

	2013	2012	Change
<b>Revenues</b>			
<i>Program Revenues</i>			
Charges for Services and Sales	\$1,567,891	\$1,857,371	(\$289,480)
Operating Grants and Contributions	1,079,585	817,062	262,523
Capital Grants and Contributions	177,542	235,554	(58,012)
<i>Total Program Revenues</i>	<u>2,825,018</u>	<u>2,909,987</u>	<u>(84,969)</u>
<i>General Revenues</i>			
Property Taxes	3,943,643	4,023,696	(80,053)
Income Taxes	1,736,141	1,619,673	116,468
Grants and Entitlements	2,778,064	2,888,577	(110,513)
Investment Earnings	280,620	53,407	227,213
Miscellaneous	9,314	13,395	(4,081)
<i>Total General Revenues</i>	<u>8,747,782</u>	<u>8,598,748</u>	<u>149,034</u>
<b>Total Revenues</b>	<u>11,572,800</u>	<u>11,508,735</u>	<u>64,065</u>
<b>Program Expenses</b>			
Instruction	6,203,824	6,114,674	(89,150)
Support Services:			
Pupil and Instructional Staff	851,274	734,225	(117,049)
Board of Education, Administration and Fiscal	1,212,245	1,148,417	(63,828)
Operation and Maintenance of Plant	709,831	646,095	(63,736)
Pupil Transportation	381,352	302,375	(78,977)
Central	26,161	25,619	(542)
Food Service Operations	309,515	327,904	18,389
Extracurricular Activities	425,426	390,813	(34,613)
Interest and Fiscal Charges	1,260,834	842,836	(417,998)
<b>Total Program Expenses</b>	<u>11,380,462</u>	<u>10,532,958</u>	<u>(847,504)</u>
Change in Net Position	192,338	975,777	(783,439)
<i>Net Position Beginning of Year</i>	<u>2,937,619</u>	<u>1,961,842</u>	<u>975,777</u>
<i>Net Position End of Year</i>	<u>\$3,129,957</u>	<u>\$2,937,619</u>	<u>\$192,338</u>

## Columbiana Exempted Village School District

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*Unaudited*

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The School District is at the 20 mill floor for property taxes so it realizes growth in tax revenue after each reappraisal during normal economic times. However, indications are, due to current economic conditions, growth will be minimal for the next several years. Also, as new homes are built, the School District will realize growth in both property tax revenue and School District income tax revenue. There are several areas located within the School District that have been approved for residential development. The largest is the Links at Firestone which includes plans for approximately 575 units to be built including homes, villas and condos. The prices of single family homes range from the high \$200,000s to the \$500,000s and villas start in the low \$200,000s. To date, approximately 175 units have been built. Another large development, Old Saybrook, includes plans for approximately 275 units including primarily single family homes and some triplex townhomes. Approximately 50 units have been built to date. The Terra Verde development has included construction of eight new homes in the last few years and another 18 lots are available. Investment earnings and income taxes increased for fiscal year 2013 due to the gradually improving local economy.

The School District is a member of the Portage Area School Consortium. The Consortium is a shared risk pool created pursuant to State statute for the purpose of maximizing benefits and/or reducing costs of health care benefits. To date the Consortium has been an overwhelming success as the School District saw only a 1.9 percent increase in premiums for 2013.

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

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

## Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

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

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Instruction	\$6,203,824	(\$4,595,295)	\$6,114,674	(\$4,498,083)
Support Services:				
Pupil and Instructional Staff	851,274	(584,225)	734,225	(525,758)
Board of Education, Administration and Fiscal	1,212,245	(1,002,646)	1,148,417	(954,331)
Operation and Maintenance of Plant	709,831	(612,840)	646,095	(386,876)
Pupil Transportation	381,352	(278,057)	302,375	(255,942)
Central	26,161	(22,487)	25,619	(21,716)
Food Service Operations	309,515	(18,146)	327,904	19,389
Extracurricular Activities	425,426	(180,914)	390,813	(156,818)
Interest and Fiscal Charges	1,260,834	(1,260,834)	842,836	(842,836)
<i>Total</i>	<u>\$11,380,462</u>	<u>(\$8,555,444)</u>	<u>\$10,532,958</u>	<u>(\$7,622,971)</u>

### The School District's Funds

These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,540,683 and expenditures of \$11,291,633. Overall expenditures increased in the general fund. This was the result of the School District paying directly for three school busses from the pupil transportation function. Operation and maintenance expenditures also increased due to the School District making some necessary repairs. These increases were offset by the reduction in regular instruction from the replacement of retiring teachers with entry level employees. The increase in expenditures was offset by increases in income taxes and interest revenues which is directly related to the recovering economy, resulting in an increase to the fund balance of the general fund.

The permanent improvement capital projects fund saw an increase in fund balance due to the completion of construction projects from the prior fiscal year, thereby reducing expenditures. Other governmental funds had a decrease in fund balance due to increases in instruction related expenditures resulting from negotiated agreements with staff. The School District continues to maximize grant money to provide students with a dynamic education. As one can see from the Statement of Revenues, Expenditures and the changes in Fund Balances, property taxes and intergovernmental revenue from the communities that comprise the School District are the largest revenue source.

### General Fund Budgeting Highlights

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

During the course of fiscal 2013, the School District amended its general fund budget numerous times, none significant. The School District uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

## Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

For the general fund, the final budget basis revenue estimate was increased. Increases in property taxes, income taxes, intergovernmental and interest were offset by decreases in tuition and fees revenue due to greater than anticipated revenues from initial conservative budgeting. The final budget was just slightly more than actual expenditures due to careful planning by the School District administration to minimize costs while still providing students with high quality programs. The general fund's unencumbered ending cash balance totaled \$2,565,214.

### Capital Assets and Debt Administration

#### Capital Assets

Table 4 shows fiscal year 2012 values compared to fiscal year 2013.

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Land	\$177,777	\$177,777	\$0
Construction in Progress	0	951,565	(951,565)
Buildings and Improvements	12,674,649	12,046,136	628,513
Furniture and Equipment	133,741	152,972	(19,231)
Vehicles	445,421	94,396	351,025
<i>Total</i>	<u>\$13,431,588</u>	<u>\$13,422,846</u>	<u>\$8,742</u>

The School District purchased classroom and food service equipment, finished work on the House Bill 264 capital project and purchased five school busses. The School District continues its ongoing commitment to maintaining and improving its capital assets. More detailed information is presented in Note 11 of the notes to the basic financial statements.

#### Debt

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

	<u>2013</u>	<u>2012</u>	<u>Change</u>
2010 Certificates of Participation	\$7,749,628	\$7,947,830	(\$198,202)
2011 Certificates of Participation	6,032,183	6,036,863	(4,680)
2011 Qualified School Construction Bonds	836,334	900,667	(64,333)
2012 Limited Tax General Obligation Bonds	160,000	0	160,000
1998 Energy Conversation Loan	26,472	77,570	(51,098)
Capital Lease	19,970	30,970	(11,000)
Totals	<u>\$14,824,587</u>	<u>\$14,993,900</u>	<u>(\$169,313)</u>

## **Columbiana Exempted Village School District**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2013*

*Unaudited*

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At June 30, 2013, the School District's overall legal debt margin was \$15,428,190, with an unvoted debt margin of \$179,711. The debt is well within permissible limits. The School District maintains an A bond rating from Standard and Poors. More detailed information is presented in Note 16 of the notes to the basic financial statements.

### **Current Financial Related Activities**

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

Management must continue to diligently plan expenses, staying carefully within the School District's financial forecast. Additional revenues must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon on the life of the levies. The School District's October 2013 five-year forecast projects the School District being in the black throughout the first two years of the forecast period, however, expenses are expected to exceed revenues beginning in fiscal year 2016. Plans are already in place to address this through staffing and monitoring of expenses. All of the School Districts' financial abilities will be needed to meet the challenges of the future.

In conclusion, the School District had another successful year. Although the Ohio Department of Education changed its rating system, the School District met 23 out of 24 possible indicators which garnered an "A" under the Ohio Department of Education's new rating system. This follows seven years of being rated "Excellent" by the Ohio Department of Education. South Side Middle School has been named a High Performing School of Honor. This distinction is based on the 2012-2013 local report card. Only 37 schools have been honored with this distinction in the state. Columbiana High School (CHS) was recently ranked #92 out of 892 high schools in the state and #1,655 in the Nation by U.S. News & World Reports. Along with this ranking, CHS received the silver medal based on state proficiency standards and how well they prepare students for college. Joshua Dixon Elementary met all its indicators and is preparing to meet the requirements for the Third Grade Reading Guarantee.

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

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

# Columbiana Exempted Village School District

## Statement of Net Position

June 30, 2013

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,057,885
Cash and Cash Equivalents with Fiscal Agents	123,531
Accrued Interest Receivable	5,155
Intergovernmental Receivable	55,649
Inventory Held for Resale	2,590
Materials and Supplies Inventory	1,181
Property Taxes Receivable	4,419,349
Income Taxes Receivable	722,213
Nondepreciable Capital Assets	177,777
Depreciable Capital Assets, Net	13,253,811
<i>Total Assets</i>	<u>22,819,141</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	<u>368,404</u>
<b>Liabilities</b>	
Accounts Payable	5,505
Accrued Wages and Benefits	768,762
Intergovernmental Payable	142,538
Accrued Interest Payable	65,811
Long-Term Liabilities:	
Due Within One Year	339,080
Due In More Than One Year	15,000,643
<i>Total Liabilities</i>	<u>16,322,339</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	<u>3,735,249</u>
<b>Net Position</b>	
Net Investment in Capital Assets	73,699
Restricted for:	
Capital Projects	1,015,306
Other Purposes	153,233
Unrestricted	1,887,719
<i>Total Net Position</i>	<u><u>\$3,129,957</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2013*

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
<b>Primary Government</b>				
<b>Governmental Activities</b>				
Instruction:				
Regular	\$4,826,176	\$608,680	\$227,473	\$177,542
Special	1,357,528	124,349	467,659	0
Vocational	20,120	2,826	0	0
Support Services:				
Pupil	439,350	121,032	4,944	0
Instructional Staff	411,924	43,254	97,819	0
Board of Education	35,402	4,971	0	0
Administration	756,718	105,986	0	0
Fiscal	420,125	47,026	51,616	0
Operation and Maintenance of Plant	709,831	96,991	0	0
Pupil Transportation	381,352	103,295	0	0
Central	26,161	3,674	0	0
Operation of Non-Instructional Services:				
Food Service Operations	309,515	114,671	176,698	0
Extracurricular Activities	425,426	191,136	53,376	0
Interest and Fiscal Charges	1,260,834	0	0	0
<b>Total Primary Government</b>	<b>\$11,380,462</b>	<b>\$1,567,891</b>	<b>\$1,079,585</b>	<b>\$177,542</b>

**General Revenues**

Property Taxes Levied for:	
General Purposes	3,218,682
Capital Projects	724,961
Income Taxes Levied for General Purposes	1,736,141
Grants and Entitlements not Restricted to Specific Programs	2,778,064
Investment Earnings	280,620
Miscellaneous	9,314
<b>Total General Revenues</b>	<b>8,747,782</b>
 Change in Net Position	 192,338
 <i>Net Position Beginning of Year</i>	 <u>2,937,619</u>
 <i>Net Position End of Year</i>	 <u><u>\$3,129,957</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Balance Sheet  
Governmental Funds  
June 30, 2013*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,659,513	\$894,442	\$225,933	\$3,779,888
Cash and Cash Equivalents with Fiscal Agents	26,586	0	96,945	123,531
Accrued Interest Receivable	5,155	0	0	5,155
Intergovernmental Receivable	20,096	0	35,553	55,649
Interfund Receivable	5,058	0	0	5,058
Inventory Held for Resale	0	0	2,590	2,590
Materials and Supplies Inventory	0	0	1,181	1,181
Property Taxes Receivable	3,624,193	795,156	0	4,419,349
Income Taxes Receivable	722,213	0	0	722,213
<i>Total Assets</i>	<u>\$7,062,814</u>	<u>\$1,689,598</u>	<u>\$362,202</u>	<u>\$9,114,614</u>
<b>Liabilities</b>				
Accounts Payable	\$5,505	\$0	\$0	\$5,505
Accrued Wages and Benefits	708,049	0	60,713	768,762
Intergovernmental Payable	133,500	0	9,038	142,538
Interfund Payable	0	0	5,058	5,058
<i>Total Liabilities</i>	<u>847,054</u>	<u>0</u>	<u>74,809</u>	<u>921,863</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	3,047,522	687,727	0	3,735,249
Unavailable Revenue	517,721	94,799	28,053	640,573
<i>Total Deferred Inflows of Resources</i>	<u>3,565,243</u>	<u>782,526</u>	<u>28,053</u>	<u>4,375,822</u>
<b>Fund Balances</b>				
Nonspendable	0	0	1,181	1,181
Restricted	0	907,072	300,083	1,207,155
Assigned	92,792	0	0	92,792
Unassigned (Deficit)	2,557,725	0	(41,924)	2,515,801
<i>Total Fund Balances</i>	<u>2,650,517</u>	<u>907,072</u>	<u>259,340</u>	<u>3,816,929</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$7,062,814</u>	<u>\$1,689,598</u>	<u>\$362,202</u>	<u>\$9,114,614</u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2013*

<b>Total Governmental Fund Balances</b>	<b>\$3,816,929</b>
 <i>Amounts reported for governmental activities in 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.	13,431,588
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	612,520
Grants	28,053
	640,573
Total	640,573
 An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of activities.	 277,997
 In the statement of activities, interest is accrued on outstanding bonds, where as in governmental funds, an interest expenditure is reported when due.	 (65,811)
 Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Certificates of Participation	(13,781,811)
Qualified School Construction Bonds	(836,334)
Limited Tax General Obligation Bonds	(160,000)
Energy Conservation Loan	(26,472)
Capital Leases	(19,970)
Compensated Absences	(515,136)
Deferred Charge on Refunding	368,404
	(14,971,319)
Total	(14,971,319)
 <i>Net Position of Governmental Activities</i>	 <b><u><u>\$3,129,957</u></u></b>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
For the Fiscal Year Ended June 30, 2013

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$3,208,002	\$722,549	\$0	\$3,930,551
Income Taxes	1,736,141	0	0	1,736,141
Intergovernmental	2,764,685	148,987	1,015,619	3,929,291
Interest	90,934	189,686	0	280,620
Tuition and Fees	1,216,315	0	0	1,216,315
Rentals	3,525	0	0	3,525
Extracurricular Activities	70,130	0	163,250	233,380
Contributions and Donations	4,944	28,555	53,376	86,875
Charges for Services	0	0	114,671	114,671
Miscellaneous	9,314	0	0	9,314
<i>Total Revenues</i>	<u>9,103,990</u>	<u>1,089,777</u>	<u>1,346,916</u>	<u>11,540,683</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,368,235	0	217,814	4,586,049
Special	881,963	0	455,234	1,337,197
Vocational	19,271	0	0	19,271
Support Services:				
Pupil	432,301	0	0	432,301
Instructional Staff	315,784	0	96,263	412,047
Board of Education	35,375	0	0	35,375
Administration	770,652	0	0	770,652
Fiscal	337,629	0	83,523	421,152
Operation and Maintenance of Plant	669,224	0	0	669,224
Pupil Transportation	734,016	0	0	734,016
Central	26,141	0	0	26,141
Operation of Non-instructional Services:				
Food Service Operations	0	0	301,803	301,803
Extracurricular Activities	198,427	0	211,078	409,505
Capital Outlay	14,250	5,637	0	19,887
Debt Service:				
Principal Retirement	64,333	200,000	62,098	326,431
Interest and Fiscal Charges	60,313	725,974	4,295	790,582
<i>Total Expenditures</i>	<u>8,927,914</u>	<u>931,611</u>	<u>1,432,108</u>	<u>11,291,633</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>176,076</u>	<u>158,166</u>	<u>(85,192)</u>	<u>249,050</u>
<b>Other Financing Sources</b>				
Limited Tax General Obligation Bonds Issued	160,000	0	0	160,000
Proceeds from Sale of Capital Assets	1,704	0	0	1,704
<i>Total Other Financing Sources</i>	<u>161,704</u>	<u>0</u>	<u>0</u>	<u>161,704</u>
<i>Net Change in Fund Balances</i>	337,780	158,166	(85,192)	410,754
<i>Fund Balances Beginning of Year</i>	<u>2,312,737</u>	<u>748,906</u>	<u>344,532</u>	<u>3,406,175</u>
<i>Fund Balances End of Year</i>	<u>\$2,650,517</u>	<u>\$907,072</u>	<u>\$259,340</u>	<u>\$3,816,929</u>

**Columbiana Exempted Village School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2013*

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**Net Change in Fund Balances -Total Governmental Funds** \$410,754

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

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

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

Capital Asset Additions	408,436
Current Year Depreciation	<u>(391,638)</u>

Total 16,798

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (8,056)

Revenues in the statement of activities that does not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	13,092
Grants	<u>19,025</u>

Total 32,117

Other financial sources in the governmental funds, such as proceeds of bonds, that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities: (160,000)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 326,431

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

Accrued Interest	(449,366)
Amortization of Deferred Charges on Refunding	(23,768)
Amortization of Premium on Bonds	3,202
Amortization of Discount on Bonds	<u>(320)</u>

Total (470,252)

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. 52,340

The internal service fund used by management to charge the individual funds is reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. (7,794)

*Change in Net Position of Governmental Activities* \$192,338

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Property Taxes	\$3,083,943	\$3,287,053	\$3,287,052	(\$1)
Income Taxes	1,552,784	1,685,176	1,685,176	0
Intergovernmental	2,689,115	2,741,152	2,744,589	3,437
Interest	70,703	88,171	93,399	5,228
Tuition and Fees	1,260,261	1,219,029	1,216,315	(2,714)
Rentals	9,905	10,000	3,525	(6,475)
Miscellaneous	10,944	9,096	9,314	218
<i>Total Revenues</i>	8,677,655	9,039,677	9,039,370	(307)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,014,722	4,312,604	4,308,941	3,663
Special	1,013,261	853,198	852,858	340
Vocational	15,566	16,286	16,284	2
Support Services:				
Pupil	281,949	358,616	358,345	271
Instructional Staff	258,200	325,912	324,891	1,021
Board of Education	43,870	35,920	35,613	307
Administration	747,254	761,919	758,516	3,403
Fiscal	312,206	337,079	335,882	1,197
Operation and Maintenance of Plant	690,160	691,026	686,490	4,536
Pupil Transportation	396,450	735,278	731,541	3,737
Central	29,049	26,145	26,141	4
Extracurricular Activities	184,376	199,781	199,774	7
Capital Outlay	236,379	71,976	44,345	27,631
Debt Service:				
Principal Retirement	64,333	64,333	64,333	0
Interest and Fiscal Charges	114,528	60,313	60,313	0
<i>Total Expenditures</i>	8,402,303	8,850,386	8,804,267	46,119
<i>Excess of Revenues Over Expenditures</i>	275,352	189,291	235,103	45,812
<b>Other Financing Sources (Uses)</b>				
Limited Tax General Obligation Bonds Issued	0	160,000	160,000	0
Proceeds from Sale of Capital Assets	0	1,704	1,704	0
Advances Out	0	(4,000)	(4,000)	0
<i>Total Other Financing Sources (Uses)</i>	0	157,704	157,704	0
<i>Net Change in Fund Balance</i>	275,352	346,995	392,807	45,812
<i>Fund Balance Beginning of Year</i>	2,159,986	2,159,986	2,159,986	0
Prior Year Encumbrances Appropriated	12,421	12,421	12,421	0
<i>Fund Balance End of Year</i>	\$2,447,759	\$2,519,402	\$2,565,214	\$45,812

**Columbiana Exempted Village School District**

*Statement of Fund Net Position*

*Internal Service Fund*

*June 30, 2013*

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	<u>Self Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$277,997
<b>Liabilities</b>	
	<u>0</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$277,997</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Statement of Revenues,*

*Expenses and Changes in Fund Net Position*

*Internal Service Fund*

*For the Fiscal Year Ended June 30, 2013*

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	Self Insurance
<b>Operating Revenues</b>	<u>\$0</u>
<b>Operating Expenses</b>	
Salaries	6,000
Fringe Benefits	897
Materials and Supplies	507
Claims	<u>390</u>
<i>Total Operating Expenses</i>	<u>7,794</u>
<i>Operating Loss</i>	(7,794)
<i>Net Position Beginning of Year</i>	<u>285,791</u>
<i>Net Position End of Year</i>	<u><u>\$277,997</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Statement of Cash Flows*

*Internal Service Fund*

*For the Fiscal Year Ended June 30, 2013*

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	<u>Self Insurance</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Payments to Employees for Services	(\$6,000)
Cash Payments for Employee Benefits	(897)
Cash Payments for Goods and Services	(507)
Cash Payments for Claims	<u>(390)</u>
<i>Net Cash Used In Operating Activities</i>	(7,794)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>285,791</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$277,997</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Statement of Fiduciary Assets and Liabilities*

*Agency Fund*

*June 30, 2013*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$26,210</u>
<b>Liabilities</b>	
Due to Students	<u>\$26,210</u>

See accompanying notes to the basic financial statements

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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### **Note 1 - Description of the School District and Reporting Entity**

Columbiana Exempted Village School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was established in 1890 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 18 square miles. It is located in Columbiana and Mahoning Counties, and includes all of the City of Columbiana and portions of Fairfield, Beaver and Springfield Townships. The School District is staffed by 42 non-certificated employees, 67 certificated full-time teaching personnel and 7 administrative employees who provide services to 1,040 students. The School District currently operates 3 instructional buildings and 1 bus garage.

#### *Reporting Entity*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, agencies, departments and offices that are not legally separate from the School District. For the School District, the agencies and departments provide the following services: general operations, food service, and student related activities of the School District.

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

*Columbiana Exempted Village School District Lease Corporation* – During fiscal year 1999, the Columbiana Exempted Village School District Leasing Corporation (Corporation) was formed to issue Certificates of Participation for the purpose of constructing a new high school in accordance with Ohio Revised Code Section 3313.375. The School District will make lease payments to the Corporation for the life of the issuance, after which time it will take ownership of the building. The Corporation is governed by a three member Board appointed by the School District. Although the Corporation is a separate legal entity, the School District's financial statements include activity pertaining to the Certificates of Participation since the debt was issued on behalf of the School District. This activity is reflected in the bond retirement debt service fund. The Corporation has assigned its duties to a Trustee to handle the finances.

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

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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Information in the notes to the basic financial statements is applicable to the primary government.

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

The financial statements of Columbiana Exempted Village School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies follow.

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

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

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

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

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

#### ***Fund Accounting***

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**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 are the School District's major governmental funds:

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

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

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

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

**Internal Service Fund** This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The School District utilizes an internal service fund to account for any unanticipated run-off claims not covered by their Shared Risk Pool's reserve as well as monies paid to employees who opt out of the School District's insurance program. Any left over money is used for health and wellness related activities.

**Fiduciary Fund Type** 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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

### **Measurement Focus**

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

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and all 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.

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

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

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

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

### ***Budgetary Data***

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

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

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

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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

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

Investments are reported at fair value which is based on quoted market prices. During fiscal year 2013, investments were limited to STAR Ohio, repurchase agreements and mutual funds.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for on June 30, 2013.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$90,934 which includes \$88,211 assigned from other School District funds.

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

### ***Inventory***

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

### ***Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

### ***Capital Assets***

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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

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

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

### ***Bond Premiums and Discounts***

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

### ***Deferred Charge on Refunding***

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

### ***Compensated Absences***

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

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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

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

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

### ***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services and extracurricular activities.

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

### ***Fund Balance***

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

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

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

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

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**Assigned** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education, delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

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

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

### ***Estimates***

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

### **Note 3 – Change in Accounting Principle**

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements, Statement No. 61, “The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34, Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”, Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” , Statement No. 65, “Items Previously Reported as Assets and Liabilities” and Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District’s financial statements.

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units' presentation and certain disclosure requirements. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

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

#### ***Fund Deficits***

At June 30, 2013, the following funds have deficit balances:

#### **Nonmajor Funds:**

##### Special Revenue Funds:

Title VI-B	23,978
Title I	16,888
Race to the Top	1,058

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

#### ***Fund Balances***

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

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Inventory	\$0	\$0	\$1,181	\$1,181
<b><i>Restricted for</i></b>				
Food Service Operations	0	0	85,385	85,385
Athletics	0	0	37,812	37,812
Instructional Services	0	0	46,458	46,458
Debt Service Payments	0	907,072	116,993	1,024,065
Capital Improvements	0	0	13,435	13,435
<b><i>Total Restricted</i></b>	<b>0</b>	<b>907,072</b>	<b>300,083</b>	<b>1,207,155</b>
<b><i>Assigned to</i></b>				
Purchases on Order	46,076	0	0	46,076
Public School Support	46,716	0	0	46,716
<b><i>Total Assigned</i></b>	<b>92,792</b>	<b>0</b>	<b>0</b>	<b>92,792</b>
<b><i>Unassigned (Deficit)</i></b>	<b>2,557,725</b>	<b>0</b>	<b>(41,924)</b>	<b>2,515,801</b>
<b><i>Total Fund Balances</i></b>	<b>\$2,650,517</b>	<b>\$907,072</b>	<b>\$259,340</b>	<b>\$3,816,929</b>

**Note 5 - Budgetary Basis of Accounting**

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

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

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

7. Budgetary revenues and expenditures of the public school support fund is reclassified to the general fund for GAAP reporting.

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

Net Change in Fund Balance	
GAAP Basis	\$337,780
Net Adjustment for Revenue Accruals	7,978
Beginning Fair Value Adjustment for Investments	1,476
Beginning Unreported Cash	27,586
Ending Unreported Cash	(26,586)
Advances Out	(4,000)
Perspective Difference:	
Public School Support	(3,221)
Net Adjustment for Expenditure Accruals	97,870
Adjustment for Encumbrances	(46,076)
Budget Basis	<u>\$392,807</u>

### Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

### **Investments**

As of June 30, 2013, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>	<u>Moody Rating</u>	<u>Percentage of Total Investments</u>
STAR Ohio	\$377	57.5 Days	N/A	N/A
Repurchase Agreement	2,647,028	Less than one year	AAA	91.68 %
Mutual Funds	<u>239,727</u>	Less than one year	AAA	8.30
Total Investments	<u>\$2,887,132</u>			

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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

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

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

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 become a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Mahoning and Columbiana Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013 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 were levied to finance current fiscal year operations are 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 of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2013 was \$58,951 in the general fund and \$12,630 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2012 was \$138,000 in the general fund and \$31,435 in the permanent improvement capital projects fund.

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$174,315,380	97.67 %	\$175,295,730	97.54 %
Public Utility Personal	<u>4,153,820</u>	<u>2.33</u>	<u>4,415,410</u>	<u>2.46</u>
Total	<u>\$178,469,200</u>	<u>100.00 %</u>	<u>\$179,711,140</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$33.50		\$33.50	

**Note 8 – Receivables**

Receivables at June 30, 2013, consisted of taxes, intergovernmental grants and accounts (rent and tuition). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
Workers' Compensation Refund	\$20,096
Title VI-B Grant	19,210
Title I Grant	8,843
Miscellaneous Federal Grant	<u>7,500</u>
Total	<u>\$55,649</u>

**Note 9 – Income Tax**

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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### Note 10 - Risk Management

#### *Property and Liability*

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the School District contracted with Ohio Casualty Insurance for various types of insurance. Coverage is as follows:

Coverage	Amount
Building and Contents - replacement cost (\$1,000 deductible)	\$37,733,400
Inland Marine Coverage (\$500 deductible)	100,000
Schedule Property (\$500 deductible)	767,950
Automobile Liability (\$500 deductible)	1,000,000
General Liability:	
Per Occurrence	1,000,000
Total Per Year	2,000,000
Commercial Umbrella Liability Policy	3,000,000

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

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

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

#### *Worker's Compensation*

For fiscal year 2013, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control, and actuarial services to the GRP.

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

### Note 11 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance 6/30/12	Additions	Deletions	Balance 6/30/13
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$177,777	\$0	\$0	\$177,777
Construction in Progress	951,565	13,435	(965,000)	0
<i>Total Capital Assets, not being depreciated</i>	1,129,342	13,435	(965,000)	177,777
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	16,123,565	965,000	0	17,088,565
Furniture and Equipment	397,059	5,146	0	402,205
Vehicles	374,489	389,855	(101,449)	662,895
<i>Total Capital Assets, being depreciated</i>	16,895,113	1,360,001	(101,449)	18,153,665
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(4,077,429)	(336,487)	0	(4,413,916)
Furniture and Equipment	(244,087)	(24,377)	0	(268,464)
Vehicles	(280,093)	(30,774)	93,393	(217,474)
<i>Total Accumulated Depreciation</i>	(4,601,609)	(391,638) *	93,393	(4,899,854)
<i>Total Capital Assets, being depreciated, net</i>	12,293,504	968,363	(8,056)	13,253,811
<b>Governmental Activities Capital Assets, Net</b>	\$13,422,846	\$981,798	(\$973,056)	\$13,431,588

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

Instruction:	
Regular	\$270,693
Special	9,281
Support Services:	
Pupil	5,186
Instructional Staff	7,549
Administration	1,980
Fiscal	1,548
Operation and Maintenance of Plant	44,111
Pupil Transportation	29,190
Operation of Non-Instructional Services:	
Food Service Operations	6,547
Extracurricular Activities	15,553
Total Depreciation Expense	\$391,638

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board acting with the advices of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended June 30, 2013, the allocation to pension and death benefits is 13.10 percent. The remaining .90 percent of the 14 percent employer contributions rate is allocated to the Health Care and Medicare B funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$120,591, \$128,804 and \$99,427 respectively. For fiscal year 2013, 91.29 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on 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 Ohio Revised Code Chapter 3307.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the combined plan were \$501,218 and \$13,001 for the fiscal year ended June 30, 2013, \$525,917 and \$12,708 for the fiscal year ended June 30, 2012, and \$565,683 and \$11,821 for the fiscal year ended June 30, 2011. For fiscal year 2013, 87.06 percent has been contributed for the DB plan and the Combined Plan, respectively, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2013 were \$5,607 made by the School District and \$4,005 made by the plan members. In addition, member contributions of \$9,287 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

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

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2013, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

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

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

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the 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 can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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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 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$16,544 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$18,017, \$20,252 and \$25,814 respectively. For fiscal year 2013, 91.29 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011 were \$6,812, \$7,607 and \$6,398 respectively. For fiscal year 2013, 91.29 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$38,555, \$40,449 and \$41,742 respectively. For 2013, 87.06 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2012 and 2011.

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**Note 14 - Other Employee Benefits**

***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and Administrators earn up to twenty days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all personnel. Upon retirement, payment is made according to negotiated agreements.

***Life Insurance***

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

**Note 15 - Leases**

The School District has an existing lease for a school bus. The School District's lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements.

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

<b><i>Governmental Activities</i></b>	
<b>Vehicles</b>	
Original Cost	\$100,970
Accumulated Depreciation	<u>(74,045)</u>
<i>Governmental Activities Leased Assets, Net</i>	<u><u>\$26,925</u></u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2013.

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2014	\$11,697
2015	<u>11,368</u>
Total	23,065
Less: Amount Representing Interest	<u>(3,095)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$19,970</u></u>

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

### Note 16 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2013 were as follows:

	Principal Outstanding 06/30/12	Additions	Deductions	Principal Outstanding 06/30/13	Amount Due in One Year
<b>Governmental Activities</b>					
<b>Certificates of Participation (COP)</b>					
2010 COP					
Current Interest Serial COP 2.0 - 3.625%	\$2,265,000	\$0	(\$195,000)	\$2,070,000	\$210,000
Current Interest Term COP 4.0 - 5.0%	5,630,000	0	0	5,630,000	0
Premium on COP	52,830	0	(3,202)	49,628	0
<i>Total 2010 COP</i>	<u>7,947,830</u>	<u>0</u>	<u>(198,202)</u>	<u>7,749,628</u>	<u>210,000</u>
2011 COP					
Tax Exempt Serial COP 1.0 - 3.5%	455,000	0	(5,000)	450,000	10,000
Tax Exempt Term COP 3.9%	440,000	0	0	440,000	0
Build America Term Bonds 6.544 - 7.318%	5,150,000	0	0	5,150,000	0
Discount on COP	(8,137)	0	320	(7,817)	0
<i>Total 2011 COP</i>	<u>6,036,863</u>	<u>0</u>	<u>(4,680)</u>	<u>6,032,183</u>	<u>10,000</u>
<i>Total Certificates of Participation</i>	13,984,693	0	(202,882)	13,781,811	220,000
<b>Other Long-term Obligations</b>					
2011 Qualified School Construction Bonds 6.25%	900,667	0	(64,333)	836,334	64,333
2012 Limited Tax General Obligation Bonds 2.6%	0	160,000	0	160,000	10,000
1998 Energy Conservation Loan 4.8%	77,570	0	(51,098)	26,472	26,472
Capital Leases	30,970	0	(11,000)	19,970	11,000
Compensated Absences	567,476	10,016	(62,356)	515,136	7,275
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$15,561,376</u>	<u>\$170,016</u>	<u>(\$391,669)</u>	<u>\$15,339,723</u>	<u>\$339,080</u>

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

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

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

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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

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

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

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

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

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

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

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

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

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

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

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

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

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

On October 16, 2012, the School District issued \$160,000 in limited tax general obligation bonds for the purpose of acquiring two school busses for the School District. The bonds were issued for a 15 year period. The bonds will be repaid from the bond retirement debt service fund.

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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

The overall debt margin of the School District as of June 30, 2013 was \$15,428,190 with an unvoted debt margin of \$179,711. Principal and interest requirements to retire the certificates of participation, the qualified school construction bonds and the energy conservation loan outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30	2010 Refunding Certificates of Participation			
	Current Interest Serial		Current Interest Term	
	Principal	Interest	Principal	Interest
2014	\$210,000	\$190,461	\$0	\$128,566
2015	240,000	184,836	0	128,566
2016	260,000	177,936	0	128,566
2017	285,000	169,761	0	128,566
2018	330,000	160,124	0	128,566
2019 - 2023	745,000	284,186	1,400,000	947,528
2024 - 2028	0	0	3,375,000	653,059
2029	0	0	855,000	21,375
<b>Total</b>	<b>\$2,070,000</b>	<b>\$1,167,304</b>	<b>\$5,630,000</b>	<b>\$2,264,792</b>

Fiscal Year Ending June 30,	2011 Certificates of Participation			
	Serial and Term			Total
	Principal	Interest	Subsidy	
2014	\$10,000	\$402,334	(\$130,049)	\$282,285
2015	25,000	402,134	(130,049)	297,085
2016	35,000	401,634	(130,049)	306,585
2017	40,000	400,846	(130,049)	310,797
2018	65,000	399,796	(130,049)	334,747
2019-2023	540,000	1,958,504	(650,245)	1,848,259
2024-2028	1,090,000	1,781,692	(621,203)	2,250,489
2029-2033	1,655,000	1,317,295	(461,053)	2,511,242
2034-2038	2,100,000	651,301	(227,955)	2,523,346
2039	480,000	35,126	(12,294)	502,832
<b>Total</b>	<b>\$6,040,000</b>	<b>\$7,750,662</b>	<b>(\$2,622,995)</b>	<b>\$11,167,667</b>

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2013*

Fiscal Year Ending June 30,	2011 Qualified School Construction Bonds			Sinking Fund Payment
	Principal	Interest	Subsidy	
2014	\$0	\$60,313	(\$53,171)	\$64,333
2015	0	60,313	(53,171)	64,333
2016	0	60,313	(53,171)	64,333
2017	0	60,313	(53,171)	64,333
2018	0	60,313	(53,171)	64,333
2019-2023	0	301,565	(265,855)	321,668
2024-2026	965,000	150,782	(132,928)	(771,999)
<b>Total</b>	<b>\$965,000</b>	<b>\$753,912</b>	<b>(\$664,638)</b>	<b>(\$128,666)</b>

Fiscal Year Ending June 30	General Obligation Bonds			
	Limited Tax		Energy Conservation Loan	
	Principal	Interest	Principal	Interest
2014	\$10,000	\$4,030	\$26,472	\$635
2015	10,000	3,770	0	0
2016	10,000	3,510	0	0
2017	10,000	3,250	0	0
2018	10,000	2,990	0	0
2019 - 2023	50,000	11,050	0	0
2024 - 2028	60,000	4,290	0	0
<b>Total</b>	<b>\$160,000</b>	<b>\$32,890</b>	<b>\$26,472</b>	<b>\$635</b>

**Note 17 - Jointly Governed Organizations**

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

The Columbiana County Career and Technical Center (the “Center”) is a distinct political subdivision of the State of Ohio. The Center is operated under the direction of a Board, consisting of one representative from each of the eight participating school districts’ elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. For fiscal year 2013, the School District did not make any contribution to the Center. To obtain financial information, write to the Columbiana County Career and Technical Center, Office of the Treasurer, at 9364 State Route 45, Lisbon, Ohio 44432.

***Access Council of Governments***

The Access Council of Governments (COG) is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among the member districts. Each of the governments of these schools supports COG based upon a per pupil charge, which was \$44.75 for fiscal year 2013. Columbiana Exempted Village School District

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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paid \$26,044 to the COG during fiscal year 2013. COG is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of COG including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Board. All of COG revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who services as fiscal agent, at 100 Debartolo Place, Youngstown, Ohio 44512.

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

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

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

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

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

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

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**Note 20 - Contingencies**

***Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

***Litigation***

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

**Note 21 - Set-Asides**

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

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

	<u>Capital Improvements Reserve</u>
Set-Aside Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	159,786
Current Year Offset	(1,105,832)
Qualifying Disbursements	<u>(99,051)</u>
Total	<u><u>(\$1,045,097)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Set-aside Balance as of June 30, 2013	<u><u>\$0</u></u>

Although the School District had qualifying offsets and disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013*

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**Note 23 – Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

<i>Major Funds:</i>	
General	\$46,076
<i>Other Governmental Funds</i>	<u>40,377</u>
<i>Total Governmental</i>	<u><u>\$86,453</u></u>

COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education:</i>					
<i>Nutrition Cluster:</i>					
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	10.555		\$ 16,337		\$ 16,337
<i>Cash Assistance:</i>					
School Breakfast Program	10.553	\$ 35,659		\$ 35,659	
National School Lunch Program	10.555	125,681		125,681	
Total U.S. Department of Agriculture		<u>161,340</u>	<u>16,337</u>	<u>161,340</u>	<u>16,337</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education:</i>					
Title I Grants to Local Educational Agencies	84.010	315,074		287,654	
<i>Special Education Cluster:</i>					
Special Education_Grants to States	84.027	288,025		193,869	
Special Education_Preschool Grants	84.173	4,849		4,849	
<i>Subtotal - Special Education Cluster:</i>		292,874		198,718	
Educational Technology State Grants	84.318	912		0	
Rural Education	84.358	16,795		16,795	
Improving Teacher Quality State Grants (Title II-A)	84.367	38,609		38,484	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	51,322		50,740	
Total U.S. Department of Education		<u>715,586</u>		<u>592,391</u>	
<b>Totals</b>		<u><u>\$876,926</u></u>	<u><u>\$16,337</u></u>	<u><u>\$753,731</u></u>	<u><u>\$16,337</u></u>

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, 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, each major fund, and the aggregate remaining fund information of Columbiana Exempted Village School District, Columbiana County, (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 27, 2014, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 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.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 27, 2014



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Columbiana Exempted Village School District's (the "District") compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Columbiana Exempted Village School District's major federal programs for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Columbiana Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509  
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001

[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Report on Internal Control Over Compliance***

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 27, 2014

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster (CFDA #10.553 & 10.555); and ARRA - Race-to-the-Top Incentive Grants (CFDA #84.395)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

None

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# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on December 14, 2010 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act";

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

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

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

**Dave Yost**  
Auditor of State

March 27, 2014

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# Dave Yost • Auditor of State

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 10, 2014**