



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, 2014, 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, 2014, 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.

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 Award 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 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 13, 2015, 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 13, 2015

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Columbiana Exempted Village School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

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, 2014. 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 2014 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 2014, 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 took advantage of lower interest rates and were able to refinance a portion of the 2011 certificates of participation.
- ❖ 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, 2014
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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 2014?" 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 14 and 15 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 10. 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
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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 21-23 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 Assets and Liabilities on page 24. 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 2014 compared to 2013:

**Table 1
Net Position**

	2014	2013	Change
Assets:			
Current and Other Assets	\$10,006,398	\$9,387,553	\$618,845
Capital Assets, Net	12,959,479	13,431,588	(472,109)
<i>Total Assets</i>	<u>22,965,877</u>	<u>22,819,141</u>	<u>146,736</u>
Deferred Outflows of Resources:	<u>344,636</u>	<u>368,404</u>	<u>(23,768)</u>
Liabilities:			
Current and Other Liabilities	1,050,193	982,616	(67,577)
Long-term Liabilities			
Due within One Year	433,263	339,080	(94,183)
Due in More than One Year	14,886,378	15,000,643	114,265
<i>Total Liabilities</i>	<u>16,369,834</u>	<u>16,322,339</u>	<u>(47,495)</u>
Deferred Inflows of Resources:	<u>3,440,087</u>	<u>3,735,249</u>	<u>295,162</u>
Net Position:			
Net Investment (Deficit) in Capital Assets	(414,605)	73,699	(488,304)
Restricted:			
Capital Projects	1,119,286	1,015,306	103,980
Other Purposes	150,118	153,233	(3,115)
Unrestricted	2,645,793	1,887,719	758,074
<i>Total Net Position</i>	<u>\$3,500,592</u>	<u>\$3,129,957</u>	<u>\$370,635</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 realizing spending measure controls. The decrease in capital assets was due to an additional year of depreciation. Total

Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

liabilities increased from additional accounts and intergovernmental payables coupled with an increase in accrued wages from payments to staff. This was offset by the refinancing of an old debt measure to take advantage of lower interest rates along with the School District making principal and interest payments on outstanding debt obligations. 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 2014. A comparative analysis of government-wide data is presented.

Table 2
Change in Net Position

	2014	2013	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services and Sales	\$1,513,749	\$1,567,891	(\$54,142)
Operating Grants and Contributions	1,362,391	1,205,493	156,898
Capital Grants and Contributions	215,457	177,542	37,915
<i>Total Program Revenues</i>	<u>3,091,597</u>	<u>2,950,926</u>	<u>140,671</u>
<i>General Revenues</i>			
Property Taxes	3,927,150	3,943,643	(16,493)
Income Taxes	1,796,279	1,736,141	60,138
Grants and Entitlements	2,792,048	2,652,156	139,892
Investment Earnings	30,339	280,620	(250,281)
Unrestricted Contributions	10,161	0	10,161
Miscellaneous	27,062	9,314	17,748
<i>Total General Revenues</i>	<u>8,583,039</u>	<u>8,621,874</u>	<u>(38,835)</u>
Total Revenues	<u>11,674,636</u>	<u>11,572,800</u>	<u>101,836</u>
Program Expenses			
Instruction	6,760,080	6,203,824	(556,256)
Support Services:			
Pupil and Instructional Staff	698,766	851,274	152,508
Board of Education, Administration and Fiscal	1,196,317	1,212,245	15,928
Operation and Maintenance of Plant	625,679	709,831	84,152
Pupil Transportation	390,369	381,352	(9,017)
Central	128	26,161	26,033
Food Service Operations	301,347	309,515	8,168
Extracurricular Activities	503,090	425,426	(77,664)
Interest and Fiscal Charges	828,225	1,260,834	432,609
Total Program Expenses	<u>11,304,001</u>	<u>11,380,462</u>	<u>76,461</u>
Change in Net Position	370,635	192,338	178,297
<i>Net Position Beginning of Year</i>	<u>3,129,957</u>	<u>2,937,619</u>	<u>192,338</u>
<i>Net Position End of Year</i>	<u>\$3,500,592</u>	<u>\$3,129,957</u>	<u>\$370,635</u>

Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

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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 decreased as a result of unspent proceeds of debt in previous fiscal years that could be invested, now being spent. Income taxes increased for fiscal year 2014 due to the gradually improving local economy. Operating grants increased as the School District actively seeks out additional sources of funding.

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 allowed for only minimal increases in premiums over the past several fiscal years.

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, 2014
Unaudited*

**Table 3
Cost of Services**

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Instruction	\$6,760,080	(\$5,026,944)	\$6,203,824	(\$4,595,295)
Support Services:				
Pupil and Instructional Staff	698,766	(494,870)	851,274	(584,225)
Board of Education, Administration and Fiscal	1,196,317	(1,007,783)	1,212,245	(1,002,646)
Operation and Maintenance of Plant	625,679	(533,864)	709,831	(612,840)
Pupil Transportation	390,369	(22,264)	381,352	(152,149)
Central	128	(110)	26,161	(22,487)
Food Service Operations	301,347	(30,197)	309,515	(18,146)
Extracurricular Activities	503,090	(268,147)	425,426	(180,914)
Interest and Fiscal Charges	828,225	(828,225)	1,260,834	(1,260,834)
<i>Total</i>	<u>\$11,304,001</u>	<u>(\$8,212,404)</u>	<u>\$11,380,462</u>	<u>(\$8,429,536)</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 \$11,724,897 and expenditures of \$10,995,083. Overall expenditures decreased in the general fund. This was the result of the School District paying directly for three school busses from the pupil transportation function in fiscal year 2013. Operation and maintenance expenditures also decreased due to the School District making some necessary repairs in the prior fiscal year. The increase in income taxes 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 slight increase in fund balance due to careful management of existing balances. 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 2014, 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, 2014
Unaudited*

For the general fund, the final budget basis revenue estimate was increased. Increases in 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 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 \$2,813,430.

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2013 values compared to fiscal year 2014.

**Table 4
Capital Assets at June 30**

	2014	2013	Change
Land	\$177,777	\$177,777	\$0
Buildings and Improvements	12,309,594	12,674,649	(365,055)
Furniture and Equipment	73,949	133,741	(59,792)
Vehicles	398,159	445,421	(47,262)
<i>Total</i>	<u>\$12,959,479</u>	<u>\$13,431,588</u>	<u>(\$472,109)</u>

The School District did not make any capital asset purchases during the fiscal year. The School District continues its ongoing commitment to maintaining and improving its capital assets. More detailed information is presented in Note 11 of the notes to the basic financial statements.

Debt

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

**Table 5
Outstanding Debt at Year End**

	2014	2013	Change
2010 Certificates of Participation	\$7,536,427	\$7,749,628	(\$213,201)
2011 Certificates of Participation	876,798	6,032,183	(5,155,385)
2014 Certificates of Participation	5,472,818	0	5,472,818
2011 Qualified School Construction Bonds	772,001	836,334	(64,333)
2012 Limited Tax General Obligation Bonds	150,000	160,000	(10,000)
1998 Energy Conversation Loan	0	26,472	(26,472)
Capital Lease	8,970	19,970	(11,000)
Totals	<u>\$14,817,014</u>	<u>\$14,824,587</u>	<u>(\$7,573)</u>

Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

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At June 30, 2014, the School District's overall legal debt margin was \$15,356,862, with an unvoted debt margin of \$178,064. 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 2014 five-year forecast projects the School District being in the black throughout the first three years of the forecast period, however, expenses are expected to exceed revenues beginning in fiscal year 2018. 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. The School District met 24 out of 24 possible indicators which garnered an "A" under the Ohio Department of Education's rating system for the second year in a row. This follows seven years of being rated "Excellent" by the Ohio Department of Education. The Ohio Department of Education has named South Side Middle School (SSMS) both a School of Promise and a High Performing School of Honor based on our 2014 Ohio School Report Card. 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, 2014

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,080,885
Cash and Cash Equivalents with Fiscal Agents	96,994
Intergovernmental Receivable	14,534
Property Taxes Receivable	4,075,130
Income Taxes Receivable	738,855
Nondepreciable Capital Assets	177,777
Depreciable Capital Assets, Net	12,781,702
<i>Total Assets</i>	<u>22,965,877</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	<u>344,636</u>
Liabilities	
Accounts Payable	33,936
Accrued Wages and Benefits	773,205
Intergovernmental Payable	152,764
Accrued Interest Payable	83,880
Matured Compensated Absences Payable	6,408
Long-Term Liabilities:	
Due Within One Year	433,263
Due In More Than One Year	14,886,378
<i>Total Liabilities</i>	<u>16,369,834</u>
Deferred Inflows of Resources	
Property Taxes	<u>3,440,087</u>
Net Position	
Net Investment (Deficit) in Capital Assets	(414,605)
Restricted for:	
Capital Projects	1,119,286
Other Purposes	150,118
Unrestricted	2,645,793
<i>Total Net Position</i>	<u><u>\$3,500,592</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, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Expenses				
Primary Government				
Governmental Activities				
Instruction:				
Regular	\$5,079,339	\$612,292	\$232,713	\$215,457 (\$4,018,877)
Special	1,645,578	151,189	516,528	0 (977,861)
Vocational	35,163	4,957	0	0 (30,206)
Support Services:				
Pupil	473,534	134,970	16,887	0 (321,677)
Instructional Staff	225,232	27,494	24,545	0 (173,193)
Board of Education	21,842	3,079	0	0 (18,763)
Administration	804,998	113,209	0	0 (691,789)
Fiscal	369,477	48,777	23,469	0 (297,231)
Operation and Maintenance of Plant	625,679	91,815	0	0 (533,864)
Pupil Transportation	390,369	48,515	319,590	0 (22,264)
Central	128	18	0	0 (110)
Operation of Non-Instructional Services:				
Food Service Operations	301,347	104,175	166,975	0 (30,197)
Extracurricular Activities	503,090	173,259	61,684	0 (268,147)
Interest and Fiscal Charges	828,225	0	0	0 (828,225)
Total Primary Government	\$11,304,001	\$1,513,749	\$1,362,391	\$215,457 (8,212,404)
General Revenues				
Property Taxes Levied for:				
				3,209,424
				717,726
				1,796,279
				2,792,048
				10,161
				30,339
				27,062
				<u>8,583,039</u>
				370,635
				<u>3,129,957</u>
				<u>\$3,500,592</u>

See accompanying notes to the basic financial statements

Columbiana Exempted Village School District

Balance Sheet

Governmental Funds

June 30, 2014

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,531,888	\$1,020,444	\$257,475	\$4,809,807
Cash and Cash Equivalents with Fiscal Agents	0	0	96,994	96,994
Intergovernmental Receivable	7,097	0	7,437	14,534
Interfund Receivable	7,000	0	0	7,000
Property Taxes Receivable	3,347,606	727,524	0	4,075,130
Income Taxes Receivable	738,855	0	0	738,855
<i>Total Assets</i>	<u>\$7,632,446</u>	<u>\$1,747,968</u>	<u>\$361,906</u>	<u>\$9,742,320</u>
Liabilities				
Accounts Payable	\$28,751	\$0	\$5,185	\$33,936
Accrued Wages and Benefits	703,561	0	69,644	773,205
Intergovernmental Payable	140,690	0	12,074	152,764
Interfund Payable	0	0	7,000	7,000
Matured Compensated Absences Payable	6,408	0	0	6,408
<i>Total Liabilities</i>	<u>879,410</u>	<u>0</u>	<u>93,903</u>	<u>973,313</u>
Deferred Inflows of Resources				
Property Taxes	2,811,405	628,682	0	3,440,087
Unavailable Revenue	493,901	88,974	7,437	590,312
<i>Total Deferred Inflows of Resources</i>	<u>3,305,306</u>	<u>717,656</u>	<u>7,437</u>	<u>4,030,399</u>
Fund Balances				
Restricted	0	1,030,312	272,173	1,302,485
Committed	527,821	0	0	527,821
Assigned	172,910	0	0	172,910
Unassigned (Deficit)	2,746,999	0	(11,607)	2,735,392
<i>Total Fund Balances</i>	<u>3,447,730</u>	<u>1,030,312</u>	<u>260,566</u>	<u>4,738,608</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$7,632,446</u>	<u>\$1,747,968</u>	<u>\$361,906</u>	<u>\$9,742,320</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, 2014*

Total Governmental Fund Balances	\$4,738,608
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*Amounts reported for governmental activities in the
 statement of net position are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,959,479
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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	581,141
Grants	9,171

Total	590,312
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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.	271,078
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In the statement of activities, interest is accrued on outstanding bonds, where as in governmental funds, an interest expenditure is reported when due.	(83,880)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Certificates of Participation	(13,886,043)
Qualified School Construction Bonds	(772,001)
Limited Tax General Obligation Bonds	(150,000)
Capital Leases	(8,970)
Compensated Absences	(502,627)
Deferred Charge on Refunding	344,636

Total	(14,975,005)
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<i>Net Position of Governmental Activities</i>	\$3,500,592
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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, 2014

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$3,234,978	\$723,551	\$0	\$3,958,529
Income Taxes	1,796,279	0	0	1,796,279
Intergovernmental	3,096,525	209,380	1,015,112	4,321,017
Interest	30,339	0	0	30,339
Tuition and Fees	1,184,073	0	0	1,184,073
Rentals	10,385	0	0	10,385
Extracurricular Activities	71,238	0	143,878	215,116
Contributions and Donations	10,161	6,077	61,684	77,922
Charges for Services	0	0	104,175	104,175
Miscellaneous	25,588	1,474	0	27,062
<i>Total Revenues</i>	<u>9,459,566</u>	<u>940,482</u>	<u>1,324,849</u>	<u>11,724,897</u>
Expenditures				
Current:				
Instruction:				
Regular	4,336,808	0	217,219	4,554,027
Special	1,064,660	0	507,926	1,572,586
Vocational	34,696	0	0	34,696
Support Services:				
Pupil	450,001	0	15,686	465,687
Instructional Staff	194,376	0	21,805	216,181
Board of Education	21,826	0	0	21,826
Administration	803,525	0	0	803,525
Fiscal	367,771	0	21,582	389,353
Operation and Maintenance of Plant	585,950	0	0	585,950
Pupil Transportation	342,706	0	0	342,706
Central	128	0	0	128
Operation of Non-instructional Services:				
Food Service Operations	0	0	293,765	293,765
Extracurricular Activities	279,660	0	204,851	484,511
Capital Outlay	30,095	8,921	13,435	52,451
Debt Service:				
Principal Retirement	85,333	220,000	26,472	331,805
Interest and Fiscal Charges	64,818	588,321	882	654,021
Issuance Costs	0	0	191,865	191,865
<i>Total Expenditures</i>	<u>8,662,353</u>	<u>817,242</u>	<u>1,515,488</u>	<u>10,995,083</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>797,213</u>	<u>123,240</u>	<u>(190,639)</u>	<u>729,814</u>
Other Financing Sources (Uses)				
Refunding Certificates of Participation Issued	0	0	5,545,000	5,545,000
Discount on Certificates of Participation Issued	0	0	(73,410)	(73,410)
Payment to Refunded Bond Escrow Agent	0	0	(5,279,725)	(5,279,725)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>191,865</u>	<u>191,865</u>
<i>Net Change in Fund Balances</i>	797,213	123,240	1,226	921,679
<i>Fund Balances Beginning of Year</i>	<u>2,650,517</u>	<u>907,072</u>	<u>259,340</u>	<u>3,816,929</u>
<i>Fund Balances End of Year</i>	<u>\$3,447,730</u>	<u>\$1,030,312</u>	<u>\$260,566</u>	<u>\$4,738,608</u>

See accompanying notes to the basic financial statements

Columbiana Exempted Village School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances -Total Governmental Funds \$921,679

*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 depreciation exceeded capital outlay in the current period. (472,109)

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

Delinquent Property Taxes	(31,379)	
Grants	(18,882)	
Total		(50,261)

Other financial sources in the governmental funds increase long-term
liabilities in the statement of net position:

Certificates of Participation Issued	(5,545,000)	
Discount on Certificates of Participation Issued	73,410	
Total		(5,471,590)

Repayment of principal is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the statement of net position. 5,611,530

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	(171,562)	
Amortization of Premium on Bonds	3,201	
Amortization of Discount on Bonds	(5,843)	
Total		(174,204)

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. 12,509

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. (6,919)

Change in Net Position of Governmental Activities \$370,635

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, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Property Taxes	\$3,287,052	\$3,249,921	\$3,249,894	(\$27)
Income Taxes	1,685,176	1,779,637	1,779,637	0
Intergovernmental	2,744,589	3,056,963	3,137,844	80,881
Interest	93,399	118,470	35,494	(82,976)
Tuition and Fees	1,216,316	1,186,502	1,184,073	(2,429)
Rentals	3,525	10,500	10,385	(115)
Miscellaneous	9,620	30,000	25,588	(4,412)
<i>Total Revenues</i>	<u>9,039,677</u>	<u>9,431,993</u>	<u>9,422,915</u>	<u>(9,078)</u>
Expenditures				
Current:				
Instruction:				
Regular	4,281,979	4,369,457	4,362,206	7,251
Special	971,670	1,049,325	1,045,094	4,231
Vocational	16,286	30,993	30,989	4
Support Services:				
Pupil	384,661	446,433	446,433	0
Instructional Staff	252,571	203,483	197,720	5,763
Board of Education	35,920	21,635	21,635	0
Administration	762,617	809,335	802,818	6,517
Fiscal	337,079	373,657	370,639	3,018
Operation and Maintenance of Plant	707,147	600,597	586,678	13,919
Pupil Transportation	731,366	375,078	364,724	10,354
Central	100	150	128	22
Extracurricular Activities	199,781	206,165	206,149	16
Capital Outlay	119,745	688,095	657,916	30,179
Debt Service:				
Principal Retirement	64,333	64,333	64,333	0
Interest and Fiscal Charges	60,313	60,313	60,313	0
<i>Total Expenditures</i>	<u>8,925,568</u>	<u>9,299,049</u>	<u>9,217,775</u>	<u>81,274</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>114,109</u>	<u>132,944</u>	<u>205,140</u>	<u>72,196</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	1,704	0	0	0
Other Notes Issued	155,448	0	0	0
Advances In	0	1,033	1,033	0
Advances Out	(4,000)	(4,033)	(4,033)	0
<i>Total Other Financing Sources (Uses)</i>	<u>153,152</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	267,261	129,944	202,140	72,196
<i>Fund Balance Beginning of Year</i>	2,565,214	2,565,214	2,565,214	0
<i>Prior Year Encumbrances Appropriated</i>	<u>46,076</u>	<u>46,076</u>	<u>46,076</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,878,551</u>	<u>\$2,741,234</u>	<u>\$2,813,430</u>	<u>\$72,196</u>

See accompanying notes to the basic financial statements - 3; -

Columbiana Exempted Village School District
Statement of Fund Net Position
Internal Service Fund
June 30, 2014

	<u>Self Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$271,078
Liabilities	
	<u>0</u>
Net Position	
Unrestricted	<u><u>\$271,078</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, 2014

	Self Insurance
Operating Revenues	<u>\$0</u>
Operating Expenses	
Salaries	6,000
Fringe Benefits	898
Purchased Services	<u>21</u>
<i>Total Operating Expenses</i>	<u>6,919</u>
<i>Operating Income (Loss)</i>	(6,919)
<i>Net Position Beginning of Year</i>	<u>277,997</u>
<i>Net Position End of Year</i>	<u><u>\$271,078</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, 2014

	<u>Self Insurance</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Payments to Employees for Services	(\$6,000)
Cash Payments for Employee Benefits	(898)
Cash Payments for Goods and Services	<u>(21)</u>
<i>Net Cash (Provided by) Used In Operating Activities</i>	(6,919)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>277,997</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$271,078</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, 2014

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$29,526</u>
Liabilities	
Due to Students	<u>\$29,526</u>

See accompanying notes to the basic financial statements

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Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 43 non-certificated employees, 68 certificated full-time teaching personnel and 7 administrative employees who provide services to 1,033 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, 2014*

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, 2014*

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 deferred outflows 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, 2014*

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 outflows/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, 2014*

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, 2014, but which were levied to finance fiscal year 2015 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 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.

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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 2014, investments were limited to 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".

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 2014 amounted to \$30,339 which includes \$9,762 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.

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.

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.

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

All reported capital assets except land 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.

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.

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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.

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

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for extracurricular activities.

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 – Fund Deficits

At June 30, 2014, the following funds have deficit balances:

Nonmajor Funds:	
Special Revenue Funds:	
Title VI-B	\$10,390
Title I	1,217

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

Note 4 – 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, 2014

Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total
<i>Restricted for</i>				
Food Service Operations	\$0	\$0	\$71,451	\$71,451
Athletics	0	0	38,523	38,523
Instructional Services	0	0	59,132	59,132
Debt Service Payments	0	0	103,067	103,067
Capital Improvements	0	1,030,312	0	1,030,312
<i>Total Restricted</i>	0	1,030,312	272,173	1,302,485
<i>Committed to</i>				
Roof Repair	527,821	0	0	527,821
<i>Assigned to</i>				
Purchases on Order	117,147	0	0	117,147
Extracurricular Activities	55,763	0	0	55,763
<i>Total Assigned</i>	172,910	0	0	172,910
<i>Unassigned (Deficit)</i>	2,746,999	0	(11,607)	2,735,392
<i>Total Fund Balances</i>	\$3,447,730	\$1,030,312	\$260,566	\$4,738,608

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

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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	\$797,213
Net Adjustment for Revenue Accruals	17,892
Beginning Unreported Cash	26,856
Advances In	1,033
Perspective Difference:	
Public School Support	(9,047)
Net Adjustment for Expenditure Accruals	34,921
Advances Out	(4,033)
Adjustment for Encumbrances	<u>(662,695)</u>
Budget Basis	<u><u>\$202,140</u></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;
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;

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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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.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$350,000 of the School District’s bank balance of \$2,433,994 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

As of June 30, 2014, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>	<u>Moody Rating</u>	<u>Percentage of Total Investments</u>
Repurchase Agreement	\$2,854,782	Less than 30 days	AAA	99.88 %
Mutual Funds	<u>3,458</u>	Less than 30 days	AAA	0.12
Total Investments	<u><u>\$2,858,240</u></u>			

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

Credit Risk The Moody's ratings of the School Districts investments are listed in the table above. 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 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, 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 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 become a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 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, 2014, are available to finance fiscal year 2014 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, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 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

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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, 2014 was \$44,034 in the general fund and \$9,869 in the permanent improvement capital projects fund. 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 assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$175,295,730	97.54 %	\$173,255,600	97.30 %
Public Utility Personal	<u>4,415,410</u>	<u>2.46</u>	<u>4,808,800</u>	<u>2.70</u>
Total	<u>\$179,711,140</u>	<u>100.00 %</u>	<u>\$178,064,400</u>	<u>100.00 %</u>
 Tax rate per \$1,000 of assessed valuation	 \$33.50		 \$33.50	

Note 8 – Receivables

Receivables at June 30, 2014, consisted of taxes, intergovernmental grants and accounts. 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>
Title VI-B Grant	\$7,437
Catastrophic Cost Reimbursement	5,363
SERS	<u>1,734</u>
Total	<u>\$14,534</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, 2014*

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 2014, 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	3,000,000
Total Per Year	3,000,000
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

The School District is 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. 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.

Worker's Compensation

For fiscal year 2014, 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, 2014

Note 11 - Capital Assets

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

	Balance 6/30/13	Additions	Deletions	Balance 6/30/14
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$177,777	\$0	\$0	\$177,777
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	17,088,565	0	0	17,088,565
Furniture and Equipment	402,205	0	0	402,205
Vehicles	662,895	0	0	662,895
<i>Total Capital Assets, being depreciated</i>	<u>18,153,665</u>	<u>0</u>	<u>0</u>	<u>18,153,665</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(4,413,916)	(365,055)	0	(4,778,971)
Furniture and Equipment	(268,464)	(59,792)	0	(328,256)
Vehicles	(217,474)	(47,262)	0	(264,736)
<i>Total Accumulated Depreciation</i>	<u>(4,899,854)</u>	<u>(472,109) *</u>	<u>0</u>	<u>(5,371,963)</u>
<i>Total Capital Assets, being depreciated, net</i>	<u>13,253,811</u>	<u>(472,109)</u>	<u>0</u>	<u>12,781,702</u>
Governmental Activities Capital Assets, Net	<u>\$13,431,588</u>	<u>(\$472,109)</u>	<u>\$0</u>	<u>\$12,959,479</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$339,814
Special	9,281
Support Services:	
Pupil	5,186
Instructional Staff	7,549
Administration	1,764
Fiscal	1,548
Operation and Maintenance of Plant	43,257
Pupil Transportation	41,610
Operation of Non-Instructional Services:	
Food Service Operations	6,547
Extracurricular Activities	15,553
Total Depreciation Expense	<u>\$472,109</u>

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 12 - Defined Benefit Pension Plans

School Employees Retirement System

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$115,767, \$120,591 and \$128,804 respectively. For fiscal year 2014, 88.55 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

State Teachers Retirement System

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

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

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 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 \$517,795 and \$22,411 for the fiscal year ended June 30, 2014, \$501,218 and \$13,001 for the fiscal year ended June 30, 2013, and \$525,917 and \$12,708 for the fiscal year ended June 30, 2012. For fiscal year 2014, 82.20 percent has been contributed for the DB plan and the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2014 were \$6,074 made by the School District and \$4,772 made by the plan members. In addition, member contributions of \$17,609 were made for fiscal year 2014 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, 2014, 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 under Employers/Audit Resources.

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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 2014, 0.14 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 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$14,160 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, 2014, 2013 and 2012 were \$15,397, \$18,017 and \$20,252 respectively. For fiscal year 2014, 88.55 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012 were \$6,716, \$6,812 and \$7,607 respectively. For fiscal year 2014, 88.55 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

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 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 2014, 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, 2014, 2013 and 2012 were \$40,198, \$38,555 and \$40,449 respectively. For 2014, 82.20 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2013 and 2012.

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

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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 Guardian Life Insurance Company of America.

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:

Governmental Activities

Vehicles

Original Cost	\$100,970
Accumulated Depreciation	<u>(80,776)</u>

Governmental Activities Leased Assets, Net \$20,194

At June 30, 2014, the present minimum value of the future lease obligation payment is \$11,368, with \$8,970 representing principal and the remainder interest, due and payable in fiscal year 2015.

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, 2014

Note 16 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2014 were as follows:

	Outstanding 06/30/13	Additions	Deductions	Outstanding 06/30/14	Due in One Year
Governmental Activities					
Certificates of Participation (COP)					
2010 COP					
Current Interest Serial COP 2.0 - 3.625%	\$2,070,000	\$0	(\$210,000)	\$1,860,000	\$240,000
Current Interest Term COP 4.0 - 5.0%	5,630,000	0	0	5,630,000	0
Premium on COP	49,628	0	(3,201)	46,427	0
<i>Total 2010 COP</i>	<u>7,749,628</u>	<u>0</u>	<u>(213,201)</u>	<u>7,536,427</u>	<u>240,000</u>
2011 COP					
Tax Exempt Serial COP 1.0 - 3.5%	450,000	0	(10,000)	440,000	25,000
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	(5,150,000)	0	0
Discount on COP	(7,817)	0	4,615	(3,202)	0
<i>Total 2011 COP</i>	<u>6,032,183</u>	<u>0</u>	<u>(5,155,385)</u>	<u>876,798</u>	<u>25,000</u>
2014 COP					
Current Interest Serial COP 3.125 - 4.00%	0	1,300,000	0	1,300,000	0
Current Interest Term COP 1.00 - 4.50%	0	4,245,000	0	4,245,000	75,000
Discount on COP	0	(73,410)	1,228	(72,182)	0
<i>Total 2014 COP</i>	<u>0</u>	<u>5,471,590</u>	<u>1,228</u>	<u>5,472,818</u>	<u>75,000</u>
<i>Total Certificates of Participation</i>	13,781,811	5,471,590	(5,367,358)	13,886,043	340,000
Other Long-term Obligations					
2011 Qualified School Construction Bonds 6.25%	836,334	0	(64,333)	772,001	64,333
2012 Limited Tax General Obligation Bonds 2.6%	160,000	0	(10,000)	150,000	10,000
1998 Energy Conservation Loan 4.8%	26,472	0	(26,472)	0	0
Capital Leases	19,970	0	(11,000)	8,970	8,970
Compensated Absences	515,136	7,275	(19,784)	502,627	9,960
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$15,339,723</u>	<u>\$5,478,865</u>	<u>(\$5,498,947)</u>	<u>\$15,319,641</u>	<u>\$433,263</u>

2010 Certificates of Participation – On May 7, 2010, the School District issued \$8,390,000 certificates of participation (COPs), to refund the 1999 certificates of participation and for use in upgrading existing facilities. The certificates of participation included serial and term certificates in the amount of \$2,760,000 and \$5,630,000, respectively. The COPs issuance included a premium of \$59,501, which will be amortized over the life of the COPs. The certificates were issued for an 18 year period with a final maturity at December 1, 2028. The certificates will be retired from the debt service fund. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Columbiana County Business Incubator, and then subleased back to the School District. The COPs were issued through a series of annual leases. To satisfy the trustee requirements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component ranging from 2.0 percent to 5.0 percent. The School District has the option to purchase the Project Facilities on any Lease Payment Date by paying \$100 plus the amount necessary to defease the indenture.

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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 certificates 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:

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 mandatory sinking fund payment	\$895,000	\$570,000	\$665,000	\$790,000	
Amount due at stated maturity	505,000	615,000	735,000	855,000	
Total	<u>\$1,400,000</u>	<u>\$1,185,000</u>	<u>\$1,400,000</u>	<u>\$1,645,000</u>	
	<i>State Maturity</i>	12/1/2022	12/1/2024	12/1/2026	12/1/2028

The refunding certificates 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 certificates. As a result, \$8,625,000 of these certificates are considered defeased and the liability for the refund portion of these certificates has been removed from the School District’s financial statements.

2011 Certificates of Participation – On August 10, 2010, the School District issued \$6,250,000 certificates of participation (COPs), for use in upgrading existing facilities. The certificates of participation included serial, term and Build America certificates in the amounts of \$660,000, \$440,000 and \$5,150,000, respectively. The COPs issuance included a discount of \$8,724, which will be amortized over the life of the COPs. The certificates were issued for a 28 year period with a final maturity at December 1, 2038. The certificates will be retired from the debt service fund. The Build America certificates were refunded in full in fiscal year 2014. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Columbiana County Business Incubator, and then subleased back to the School District. The COPs were issued through a series of annual leases. To satisfy the trustee requirements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component ranging from 1.0 percent to 7.3 percent. The School District has the option to purchase the Project Facilities on any Lease Payment Date by paying \$100 plus the amount necessary to defease the indenture.

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

Columbiana Exempted Village School District

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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.

The term certificates maturing on December 1, 2023 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
2021	\$440,000
2022	\$125,000
	140,000
Total mandatory sinking fund payment	\$265,000
Amount due at stated maturity	175,000
Total	\$440,000
Stated Maturity	12/1/2023

2014 Certificates of Participation – On February 6, 2014, the School District issued \$5,545,000 certificates of participation (COPs), to refund a portion of the 2011 certificates of participation and for use in upgrading existing facilities. The certificates of participation included serial and term certificates in the amount of \$1,300,000 and \$4,245,000, respectively. The COPs issuance included a discount of \$73,410, which will be amortized over the life of the COPs. The certificates were issued with interest rates varying from 2 percent to 3.3 percent and were issued for a 25 year period with final maturity on December 1, 2038. The certificates will be retired through the general obligation bond retirement debt service fund. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Columbiana County Business Incubator, and then subleased back to the School District. The COPs were issued through a series of annual leases. To satisfy the trustee requirements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component ranging from 1.0 percent to 4.5 percent. The School District has the option to purchase the Project Facilities on any Lease Payment Date by paying \$100 plus the amount necessary to defease the indenture.

The COPs were sold at a discount of \$73,410. The proceeds of the refunding certificates were deposited in an irrevocable trust with an escrow agent to provide for the redemption on April 7, 2014 of \$5,150,000 of the outstanding 2011 BABs term certificates so as to discharge and satisfy the obligations of the School District.

The School District decreased its aggregate debt service payments by \$1,182,323 over the next 25 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$923,787, but incurred an accounting loss of \$129,725 (difference between amount paid to bond escrow agent and the refunding amount).

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For the Fiscal Year Ended June 30, 2014*

The term certificates maturing on December 1, 2016, 2023, 2030, 2032, 2034, 2036, 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						
	\$110,000	\$140,000	\$665,000	\$735,000	\$790,000	\$865,000	\$940,000
2014	75,000	0	0	0	0	0	0
2015	15,000	0	0	0	0	0	0
2017	0	20,000	0	0	0	0	0
2018	0	20,000	0	0	0	0	0
2019	0	20,000	0	0	0	0	0
2020	0	20,000	0	0	0	0	0
2021	0	20,000	0	0	0	0	0
2022	0	20,000	0	0	0	0	0
2029	0	0	325,000	0	0	0	0
2031	0	0	0	360,000	0	0	0
2033	0	0	0	0	385,000	0	0
2035	0	0	0	0	0	425,000	0
2037	0	0	0	0	0	0	460,000
Total mandatory sinking sinking fund payment	\$90,000	\$120,000	\$325,000	\$360,000	\$385,000	\$425,000	\$460,000
Amount due at stated maturity	20,000	20,000	340,000	375,000	405,000	440,000	480,000
Total	<u>\$110,000</u>	<u>\$140,000</u>	<u>\$665,000</u>	<u>\$735,000</u>	<u>\$790,000</u>	<u>\$865,000</u>	<u>\$940,000</u>
<i>Stated Maturity</i>	12/1/2016	12/1/2023	12/1/2030	12/1/2032	12/1/2034	12/1/2036	12/1/2038

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 general 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.

The qualified school construction bonds will be paid from the general fund fund. The energy conservation loan will be paid from the bond retirement debt service 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.

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Notes to the Basic Financial Statements

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The overall debt margin of the School District as of June 30, 2014 was \$15,356,862 with an unvoted debt margin of \$178,064. Principal and interest requirements to retire the certificates of participation, the qualified school construction bonds and the energy conservation loan outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30	2010 Refunding Certificates of Participation			
	Current Interest Serial		Current Interest Term	
	Principal	Interest	Principal	Interest
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	360,000	148,642	0	128,566
2020-2024	385,000	135,544	1,970,000	1,008,337
2025-2029	0	0	3,660,000	485,059
Total	\$1,860,000	\$976,843	\$5,630,000	\$2,136,226

Fiscal Year Ending June 30,	2011 Certificates of Participation		
	Serial and Term		Total
	Principal	Interest	
2015	\$25,000	\$402,134	\$427,134
2016	35,000	401,634	436,634
2017	40,000	400,846	440,846
2018	65,000	399,796	464,796
2019	75,000	397,846	472,846
2020-2024	640,000	1,939,051	2,579,051
Total	\$880,000	\$3,941,307	\$4,821,307

Fiscal Year Ending June 30,	2014 Certificates of Participation		
	Serial and Term		Total
	Principal	Interest	
2015	\$75,000	\$223,434	\$298,434
2016	15,000	222,984	237,984
2017	20,000	222,809	242,809
2018	20,000	222,409	242,409
2019	20,000	221,808	241,808
2020-2024	100,000	1,100,043	1,200,043
2025-2029	1,300,000	991,297	2,291,297
2030-2034	1,785,000	682,191	2,467,191
2035-2039	2,210,000	254,525	2,464,525
Total	\$5,545,000	\$4,141,500	\$9,686,500

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Fiscal Year Ending June 30,	2011 Qualified School Construction Bonds			Sinking Fund Payment
	Principal	Interest	Subsidy	
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	0	60,313	(53,171)	64,333
2020-2024	0	301,565	(265,855)	321,669
2025-2026	965,000	90,469	(79,757)	(836,333)
Total	\$965,000	\$693,599	(\$611,467)	(\$192,999)

Fiscal Year Ending June 30	General Obligation Bonds	
	Limited Tax	
	Principal	Interest
2015	\$10,000	\$3,770
2016	10,000	3,510
2017	10,000	3,250
2018	10,000	2,990
2019	10,000	2,730
2020-2024	50,000	9,750
2025-2028	50,000	2,860
Total	\$150,000	\$28,860

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 2014, 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-six school districts in Columbiana and Mahoning, two educational services center, twenty non-public schools and two special education regional resources center . 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 2014. Columbiana Exempted Village School District paid \$26,759 to the COG during fiscal year 2014. COG is governed by an

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*Notes to the Basic Financial Statements
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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 Organization

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.

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Notes to the Basic Financial Statements

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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, 2014, 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.

Set-Aside Balance as of June 30, 2013	\$0
Current Year Set-aside Requirement	176,506
Current Year Offset	(941,494)
Qualifying Disbursements	<u>(96,393)</u>
Total	<u><u>(\$861,381)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Set-aside Balance as of June 30, 2014	<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, 2014*

Note 22 – 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	\$662,695
<i>Other Governmental Funds</i>	<u>11,572</u>
<i>Total Governmental Funds</i>	<u><u>\$674,267</u></u>

Note 23 - Interfund Balances

Interfund balances at June 30, 2014, consist of an interfund receivable and payable between the general fund and the athletics special revenue fund in the amount of \$7,000:

The interfund receivable and payable is due to the timing of the receipt of monies collected for this program. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid. This loan is expected to be repaid in one year.

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**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE					
<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		\$22,613		\$22,613
<i>Cash Assistance:</i>					
School Breakfast Program	10.553	\$28,145		\$28,145	
National School Lunch Program	10.555	117,345		117,345	
State Administrative Expenses for Child Nutrition	10.560	7,500		7,500	
Total U.S. Department of Agriculture - Nutrition Cluster		<u>152,990</u>	<u>22,613</u>	<u>152,990</u>	<u>22,613</u>
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education:</i>					
Title I Grants to Local Educational Agencies (Title 1, Part A of the ESEA)	84.010	300,809		279,319	
<i>Special Education Cluster:</i>					
Special Education_Grants to States	84.027	238,447		220,024	
Special Education_Preschool Grants	84.173	4,855		4,855	
<i>Subtotal - Special Education Cluster</i>		<u>243,302</u>		<u>224,879</u>	
Rural Education	84.358	16,769		16,769	
Improving Teacher Quality State Grants (Title II-A)	84.367	35,662		35,662	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	27,331		17,062	
Total U.S. Department of Education		<u>623,873</u>		<u>573,691</u>	
Totals		<u>\$ 776,863</u>	<u>\$ 22,613</u>	<u>\$ 726,681</u>	<u>\$ 22,613</u>

The accompanying notes 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, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the "Schedule") reports the Columbiana Exempted Village School District (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 Government 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, 2014, 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 13, 2015.

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 "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 13, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE 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 the 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 the Columbiana Exempted Village School District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program 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 program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the 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 affects its major federal program for the year ended June 30, 2014.

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 13, 2015

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

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):	Title 1 (CFDA #84.010)
<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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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
MARCH 31, 2015**