



Mary Taylor, CPA  
Auditor of State



**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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# Mary Taylor, CPA

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## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbiana Exempted Village School District, Columbiana County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbiana Exempted Village School District, Columbiana County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards receipts and expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. We subjected the federal awards receipts and expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

March 23, 2009

## **Columbiana Exempted Village School District**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2008*

*Unaudited*

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The discussion and analysis of Columbiana Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. 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 2008 are as follows:

- In total, net assets of governmental activities increased \$638,635, which represents a 76.3 percent increase from 2007.
- General revenues accounted for \$8,533,987 in revenue or 80.0 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$2,129,299 or 20.0 percent of total revenues of \$10,663,286.
- The School District had \$10,024,651 in expenses related to governmental activities; \$2,129,299 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,533,987 were adequate to provide for these programs.
- The School District's major governmental funds are the general fund, debt service fund and permanent improvement fund. The general fund had \$8,365,233 in revenues and \$8,060,351 in expenditures. During fiscal year 2008, the general fund's fund balance increased \$306,917 from \$1,430,832 to a balance of \$1,737,749.
- The debt service fund had \$936,780 in revenues and \$961,359 in expenditures. During fiscal year 2008, the debt service fund's fund balance decreased \$24,579 from \$1,208,950 to \$1,184,371.
- The permanent improvement fund had \$117,908 in revenues and \$133,633 in expenditures. During fiscal year 2008, the permanent improvement fund's balance decreased \$15,725 from \$349,394 to \$333,669.

### **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 Assets 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, the bond retirement 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, 2008  
Unaudited

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### Reporting the School District as a Whole

#### *Statement of Net Assets 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 2008?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include all *assets* and *liabilities* 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 assets and changes in those assets. This change in net assets 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 Assets* 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 assets and statement of activities can be found on pages 12-13 of this report.

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

#### *Fund Financial Statements*

The analysis of the School District's major funds begins on page 9. Fund financial reports 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, debt service 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 Assets* and the *Statement of Activities*) and governmental *funds* is reconciled in the financial statements.

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

## Columbiana Exempted Village School District

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited*

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

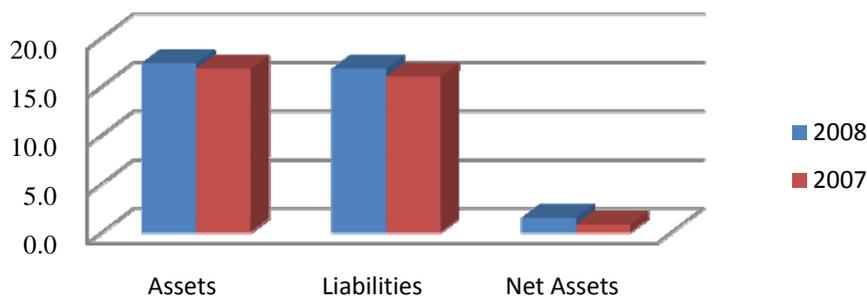
### The School District as a Whole

You may recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2008 compared to 2007:

**Table 1  
Net Assets**

	2008	2007	Change
<b>Assets:</b>			
Current and Other Assets	\$9,335,661	\$8,667,758	\$667,903
Capital Assets, Net	8,073,142	8,172,323	(99,181)
<i>Total Assets</i>	<u>17,408,803</u>	<u>16,840,081</u>	<u>568,722</u>
<b>Liabilities:</b>			
Current and Other Liabilities	5,165,569	4,759,325	406,244
Long-term Liabilities			
Due within One Year	637,467	638,449	(982)
Due in More than One Year	10,129,988	10,605,163	(475,175)
<i>Total Liabilities</i>	<u>15,933,024</u>	<u>16,002,937</u>	<u>(69,913)</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	228,329	257,874	(29,545)
Restricted:			
Capital Projects	419,865	375,814	44,051
Debt Service	0	143,168	(143,168)
Other Purposes	31,135	42,694	(11,559)
Unrestricted	796,450	17,594	778,856
<i>Total Net Assets</i>	<u><u>\$1,475,779</u></u>	<u><u>\$837,144</u></u>	<u><u>\$638,635</u></u>

**Statement of Net Assets  
(in Millions)**



## Columbiana Exempted Village School District

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2008*

*Unaudited*

Total assets increased by \$568,722. This is primarily due to increased receivables for both property and municipal income taxes.

Current liabilities increased by \$406,244 over fiscal year 2007 due to an increase in deferred revenue.

Long-term liabilities decreased by \$476,157 mainly due to \$612,310 in principal retired offset by an increase in compensated absences.

Table 2 shows the change in net assets for fiscal year 2008. A comparative analysis of government-wide data is presented.

**Table 2**  
**Change in Net Assets**

	<u>2008</u>	<u>2007</u>	<u>Change</u>
<b>Revenues</b>			
<i>Program Revenues</i>			
Charges for Services and Sales	\$1,176,161	\$1,102,042	\$74,119
Operating Grants, Contributions and Interest	826,866	993,507	(166,641)
Capital Grants and Contributions	126,272	9,066	117,206
<i>Total Program Revenues</i>	<u>2,129,299</u>	<u>2,104,615</u>	<u>24,684</u>
<i>General Revenues</i>			
Property Taxes	4,019,919	3,904,618	115,301
Municipal Income Taxes	1,552,857	1,406,939	145,918
Grants and Entitlements	2,758,672	2,540,749	217,923
Investment Earnings	187,367	207,960	(20,593)
Gain on Sale of Capital Assets	2,035	0	2,035
Miscellaneous	13,137	67,805	(54,668)
<i>Total General Revenues</i>	<u>8,533,987</u>	<u>8,128,071</u>	<u>405,916</u>
<b>Total Revenues</b>	<u>10,663,286</u>	<u>10,232,686</u>	<u>430,600</u>
<b>Program Expenses</b>			
Instruction	6,218,244	5,884,404	333,840
Support Services:			
Pupil and Instructional Staff	420,899	505,203	(84,304)
Board of Education, Administration and Fiscal	1,117,047	1,091,660	25,387
Operation and Maintenance of Plant	706,011	714,306	(8,295)
Pupil Transportation	325,702	289,855	35,847
Food Service Operations	310,585	305,559	5,026
Extracurricular Activities	411,709	346,286	65,423
Interest and Fiscal Charges	514,454	534,051	(19,597)
<b>Total Program Expenses</b>	<u>10,024,651</u>	<u>9,671,324</u>	<u>353,327</u>
Increase in Net Assets	638,635	561,362	77,273
<i>Net Assets Beginning of Year</i>	<u>837,144</u>	<u>275,782</u>	<u>561,362</u>
<i>Net Assets End of Year</i>	<u><u>\$1,475,779</u></u>	<u><u>\$837,144</u></u>	<u><u>\$638,635</u></u>

Program revenues increased by \$24,684, primarily due to the School District receiving more monies in the form of charges for services and sales and capital grants and contributions over fiscal year 2007.

# Columbiana Exempted Village School District

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2008 Unaudited

General revenues increased by \$405,916 mainly due to greater collections in both property and income tax revenues as well as additional grants and entitlements from other sources as the School District continues to search out additional federal and State funding.

Expenses increased by \$353,327. This is mainly due to a \$333,840 increase in instructional expenses and an increase of \$65,423 attributed to the extracurricular activities. An increase in employee salaries and benefits is the primary reason for the increase in expenses.

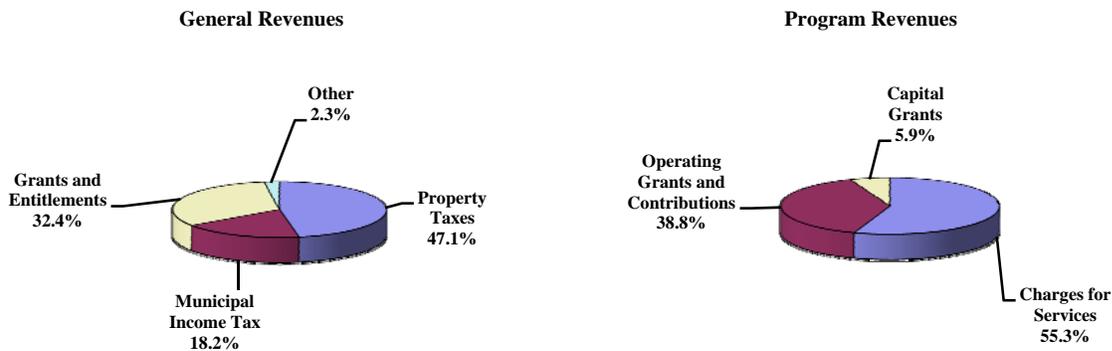
### Governmental Activities

The vast majority of revenue supporting all Governmental Activities is general revenue. General revenue totaled \$8,533,987 or 80.0 percent of the total revenue. The two significant portions of the general revenues are the local property taxes and state foundation revenues.

Property taxes made up 47.1 percent of general revenues and made up 37.7 percent of all revenues received during fiscal year 2008 for the School District. State foundation monies and unrestricted grants and entitlements accounted for 32.3 percent of general revenues. Municipal income taxes account for 18.2 percent of general revenues and the gain on sale of capital assets, interest and other revenues account for the remaining 2.4 percent.

Program revenues consist of charges for services and sales, operating and capital grants contributions and interest related to specific activities and programs of the School District. Program revenues of \$2,129,299 represented 20 percent of total governmental revenues.

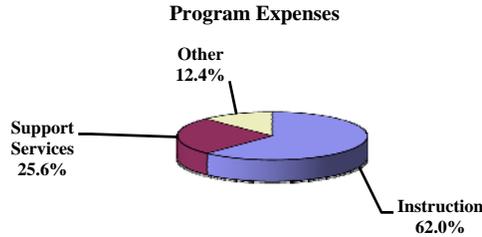
The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. The School District's revenue growth is mostly dependent upon property tax increases and new construction. Although the School District relies heavily upon local property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



62.0 percent of the School District's budget is used to fund instructional expenses. Additional supporting services for pupils, instructional staff and business operations encompass an additional 25.6 percent. The remaining 12.4 percent of program expenses is used for other obligations of the School District such as the food service program, extracurricular activities and interest and fiscal charges.

**Columbiana Exempted Village School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited*



The increase in expenses is due primarily to expenses related to the instruction of students. This includes pay raises, increases in benefits associated with salaries, severance payments and cost of materials.

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.

**Table 3  
Cost of Services**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Instruction	\$6,218,244	\$4,993,836	\$5,884,404	\$4,428,920
Support Services:				
Pupil and Instructional Staff	420,899	356,859	505,203	477,251
Board of Education, Administration and Fiscal	1,117,047	939,505	1,091,660	1,003,418
Operation and Maintenance of Plant	706,011	634,731	714,306	707,434
Pupil Transportation	325,702	291,590	289,855	258,636
Food Service Operations	310,585	16,788	305,559	12,147
Extracurricular Activities	411,709	147,589	346,286	144,852
Interest and Fiscal Charges	514,454	514,454	534,051	534,051
<i>Total</i>	<u>\$10,024,651</u>	<u>\$7,895,352</u>	<u>\$9,671,324</u>	<u>\$7,566,709</u>

The dependence upon general revenues for governmental activities is apparent. 55.6 percent of total expenses are supported through property and income taxes. Grants and entitlements not restricted to specific programs support 27.5 percent. Program revenues only account for 21.2 percent of all governmental expenses. The community, as a whole, is the primary support for the Columbiana Exempted Village School District.

**The School District's Funds**

Information about the School District's major funds starts on Page 14. These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,638,533 and expenditures of \$10,390,477. The net change in fund balance for the general fund was an increase of \$306,917. This increase was due to increases in property and income tax revenue collections offset by increases in instruction expenditures. The bond retirement debt service fund had a decrease in fund balance of \$24,579 from principal and interest expenditures outpacing revenues taken in. The permanent improvement capital projects fund had a decrease in fund balance of \$15,725. The overall net change in fund balance was an increase of \$250,091. The School District was able to reduce overall

## Columbiana Exempted Village School District

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2008*

*Unaudited*

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expenditures by \$213,777 through carefully controls on spending throughout the School District. The ending fund balance for governmental funds was \$3,308,801.

### **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 2008, 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.

For the general fund, the final budget basis revenue estimate was \$8,328,988; this was more than the original budget estimates of \$8,185,013 from a conservative estimate for municipal income tax. The final budget was \$2,734 more than actual revenues, due in large part to the School District receiving less interest revenues than anticipated. The final budget basis expenditure estimate was \$8,102,939; this was less than the original budget estimate of the \$8,161,248. The final budget was \$12,248 more than actual expenditures. This was due to the School District spending less for instructional expenditures than anticipated. The general fund's unencumbered ending cash balance totaled \$2,007,764.

### **Capital Assets and Debt Administration**

#### *Capital Assets*

At the end of fiscal year 2008, the School District had \$8,073,142 invested in land, buildings and improvements, furniture and equipment and vehicles. Table 4 shows fiscal year 2007 values compared to fiscal year 2008.

**Table 4**  
**Capital Assets at June 30**

	2008	2007
Land	\$177,777	\$177,777
Buildings and Improvements	7,677,472	7,739,431
Furniture and Equipment	56,753	72,852
Vehicles	161,140	182,263
<i>Total</i>	<u>\$8,073,142</u>	<u>\$8,172,323</u>

All capital assets, except land, are reported net of depreciation. The School District had \$163,908 in capital asset additions in buildings and improvements during the fiscal year. The School District continued its ongoing commitment to maintaining and improving its capital assets. More detailed information is presented in Note 10 of the notes to the basic financial statements.

#### **Debt**

At June 30, 2008, the School District had \$10,042,719 in bonds, notes and certificates of participation outstanding. Table 5 below summarizes the School District's outstanding debt.

## Columbiana Exempted Village School District

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2008*

*Unaudited*

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**Table 5**

Outstanding Debt at Year End

	<u>2008</u>	<u>2007</u>
1999 Certificates of Participation	\$9,398,355	\$9,617,509
2001 Library Improvement Bonds	385,000	500,000
2003 Income Tax Anticipation Note	0	128,000
1998 Energy Conversation Note	259,364	299,674
Capital Lease	<u>68,970</u>	<u>77,970</u>
Totals	<u>\$10,111,689</u>	<u>\$10,623,153</u>

At June 30, 2008, the School District's overall legal debt margin was \$15,550,034 with an unvoted debt margin of \$166,805. 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**

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the Columbiana Exempted Village School District is not without its challenges though. Like most public school districts in Ohio, the School District relies on its property taxes, income taxes and state aid to provide the funds necessary to maintain its educational programs.

The School District's October 2008 five-year forecast projects the School District being in the black throughout the forecast, however, expenses are expected to exceed revenues beginning in fiscal year 2011. Plans are already in place to address this through staffing and monitoring of expenses.

The School District believes it can eliminate future deficits through managing costs without seeking approval of additional operating funds from its voters. More than 30 percent of the teaching staff is currently eligible to retire, so as experienced staff leaves, if replaced, they will be replaced at a much lower cost. The School District is at the 20 mill floor for property taxes so it realizes growth in tax revenue after each reappraisal. 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 some large residential developments under construction currently in the School District.

It is imperative that the School District's management continue to carefully and prudently plan in order to provide the resources required to meet student needs over the next several years.

### **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 Assets*

*June 30, 2008*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,906,558
Cash and Cash Equivalents with Fiscal Agents	23,790
Prepaid Items	4,434
Inventory Held for Resale	4,866
Materials and Supplies Inventory	1,261
Property Taxes Receivable	4,696,776
Income Taxes Receivable	697,976
Nondepreciable Capital Assets	177,777
Depreciable Capital Assets, Net	<u>7,895,365</u>
<i>Total Assets</i>	<u>17,408,803</u>
<b>Liabilities</b>	
Accounts Payable	10,874
Contracts Payable	6,155
Accrued Wages and Benefits	780,508
Intergovernmental Payable	230,856
Accrued Interest Payable	32,640
Matured Compensated Absences Payable	52,051
Deferred Revenue	4,052,485
Long-Term Liabilities:	
Due Within One Year	637,467
Due In More Than One Year	<u>10,129,988</u>
<i>Total Liabilities</i>	<u>15,933,024</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	228,329
Restricted for:	
Capital Projects	419,865
Other Purposes	31,135
Unrestricted	<u>796,450</u>
<i>Total Net Assets</i>	<u><u>\$1,475,779</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, 2008*

	Program Revenues				Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenue and
					Changes in Net Assets
<b>Governmental Activities</b>					<b>Governmental Activities</b>
Instruction:					
Regular	\$4,873,217	\$455,117	\$182,249	\$114,977	(\$4,120,874)
Special	1,345,027	96,042	376,023	0	(872,962)
Support Services:					
Pupil	266,154	24,261	14,299	0	(227,594)
Instructional Staff	154,745	13,186	12,294	0	(129,265)
Board of Education	18,633	1,852	0	0	(16,781)
Administration	742,361	109,576	7,729	0	(625,056)
Fiscal	356,053	32,644	25,741	0	(297,668)
Operation and Maintenance of Plant	706,011	64,310	0	6,970	(634,731)
Pupil Transportation	325,702	29,787	0	4,325	(291,590)
Operation of Non-Instructional Services:					
Food Service Operations	310,585	150,750	143,047	0	(16,788)
Extracurricular Activities	411,709	198,636	65,484	0	(147,589)
Interest and Fiscal Charges	514,454	0	0	0	(514,454)
<b>Totals</b>	<b>\$10,024,651</b>	<b>\$1,176,161</b>	<b>\$826,866</b>	<b>\$126,272</b>	<b>(7,895,352)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	3,170,406
Debt Service	822,907
Capital Projects	26,606

Income Taxes Levied for General Purposes 1,552,857

Grants and Entitlements not Restricted  
to Specific Programs 2,758,672

Investment Earnings	187,367
Gain on Sale of Capital Assets	2,035
Miscellaneous	13,137

*Total General Revenues* 8,533,987

Change in Net Assets 638,635

*Net Assets Beginning of Year* 837,144

*Net Assets End of Year* \$1,475,779

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2008*

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$2,024,611	\$174,134	\$321,255	\$78,724	\$2,598,724
Cash and Cash Equivalents with Fiscal Agents	0	23,790	0	0	23,790
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	4,325	984,018	0	0	988,343
Prepaid Items	4,434	0	0	0	4,434
Inventory Held for Resale	0	0	0	4,866	4,866
Materials and Supplies Inventory	0	0	0	1,261	1,261
Property Taxes Receivable	3,784,489	150,491	761,796	0	4,696,776
Income Taxes Receivable	697,976	0	0	0	697,976
<i>Total Assets</i>	<u>\$6,515,835</u>	<u>\$1,332,433</u>	<u>\$1,083,051</u>	<u>\$84,851</u>	<u>\$9,016,170</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$10,874	\$0	\$0	\$0	\$10,874
Contracts Payable	6,155	0	0	0	6,155
Accrued Wages and Benefits	759,061	0	0	21,447	780,508
Intergovernmental Payable	220,464	0	0	10,392	230,856
Matured Compensated Absences Payable	52,051	0	0	0	52,051
Deferred Revenue	3,729,481	148,062	749,382	0	4,626,925
<i>Total Liabilities</i>	<u>4,778,086</u>	<u>148,062</u>	<u>749,382</u>	<u>31,839</u>	<u>5,707,369</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	13,537	0	0	4,484	18,021
Reserved for Property Taxes	55,008	2,429	12,414	0	69,851
Reserved for Future Debt Service Payments on the Certificates of Participation	0	984,018	0	0	984,018
Reserved for Bus Purchases	4,325	0	0	0	4,325
Unreserved, Undesignated					
Reported in:					
General Fund	1,664,879	0	0	0	1,664,879
Special Revenue Funds	0	0	0	48,528	48,528
Debt Service Fund	0	197,924	0	0	197,924
Capital Projects Funds	0	0	321,255	0	321,255
<i>Total Fund Balances</i>	<u>1,737,749</u>	<u>1,184,371</u>	<u>333,669</u>	<u>53,012</u>	<u>3,308,801</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,515,835</u>	<u>\$1,332,433</u>	<u>\$1,083,051</u>	<u>\$84,851</u>	<u>\$9,016,170</u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2008*

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<b>Total Governmental Fund Balances</b>	<b>\$3,308,801</b>
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*Amounts reported for governmental activities in the  
statement of net assets are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,073,142
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to delinquent property taxes.	574,440
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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.	319,491
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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.	(32,640)
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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	(9,398,355)
Library Improvement Bonds	(385,000)
Energy Conservation Loan	(259,364)
Capital Lease Obligations Payable	(68,970)
Compensated Absences	(655,766)
	(10,767,455)

Total	(10,767,455)
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<i>Net Assets of Governmental Activities</i>	<b>\$1,475,779</b>
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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, 2008*

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$3,137,130	\$840,252	\$2,931	\$0	\$3,980,313
Income Taxes	1,552,857	0	0	0	1,552,857
Intergovernmental	2,725,184	37,813	109,051	775,188	3,647,236
Interest	134,847	58,715	0	0	193,562
Tuition and Fees	720,406	0	0	0	720,406
Rentals	8,245	0	0	0	8,245
Extracurricular Activities	0	0	0	224,033	224,033
Contributions and Donations	700	0	5,926	68,641	75,267
Charges for Services	72,727	0	0	150,750	223,477
Miscellaneous	13,137	0	0	0	13,137
<i>Total Revenues</i>	<u>8,365,233</u>	<u>936,780</u>	<u>117,908</u>	<u>1,218,612</u>	<u>10,638,533</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	4,442,637	0	0	187,482	4,630,119
Special	960,308	0	0	385,596	1,345,904
Support Services:					
Pupil	248,168	0	0	15,279	263,447
Instructional Staff	144,589	0	0	12,294	156,883
Board of Education	18,607	0	0	0	18,607
Administration	663,143	0	0	52,592	715,735
Fiscal	326,578	0	0	25,405	351,983
Operation and Maintenance of Plant	656,309	0	0	0	656,309
Pupil Transportation	299,621	0	0	0	299,621
Operation of Non-instructional Services:					
Food Service Operations	0	0	0	302,632	302,632
Extracurricular Activities	162,651	0	0	249,720	412,371
Capital Outlay	125,621	0	79,425	4,134	209,180
Debt Service:					
Principal Retirement	9,000	563,000	40,310	0	612,310
Interest and Fiscal Charges	3,119	398,359	13,898	0	415,376
<i>Total Expenditures</i>	<u>8,060,351</u>	<u>961,359</u>	<u>133,633</u>	<u>1,235,134</u>	<u>10,390,477</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	304,882	(24,579)	(15,725)	(16,522)	248,056
<b>Other Financing Sources</b>					
Proceeds from Sale of Capital Assets	2,035	0	0	0	2,035
<i>Net Change in Fund Balances</i>	306,917	(24,579)	(15,725)	(16,522)	250,091
<i>Fund Balances Beginning of Year</i>	<u>1,430,832</u>	<u>1,208,950</u>	<u>349,394</u>	<u>69,534</u>	<u>3,058,710</u>
<i>Fund Balances End of Year</i>	<u>\$1,737,749</u>	<u>\$1,184,371</u>	<u>\$333,669</u>	<u>\$53,012</u>	<u>\$3,308,801</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 Fiscal Year Ended June 30, 2008*

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**Net Change in Fund Balances -Total Governmental Funds** \$250,091

*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 outlays in the current period.

Capital Asset Additions	163,908	
Current Year Depreciation	<u>(263,089)</u>	
Total		(99,181)

Delinquent property taxes, grants and interest revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes	39,606	
Grants	(10,693)	
Interest	<u>(6,195)</u>	
Total		22,718

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 612,310

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	1,768	
Bond Accretion	<u>(100,846)</u>	
Total		(99,078)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (35,307)

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. (12,918)

*Change in Net Assets of Governmental Activities* \$638,635

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, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Property Taxes	\$3,205,979	\$3,141,339	\$3,141,339	\$0
Income Taxes	1,352,277	1,517,617	1,517,617	0
Intergovernmental	2,667,830	2,725,185	2,725,184	(1)
Interest	134,801	130,000	126,482	(3,518)
Tuition and Fees	748,948	720,846	720,406	(440)
Rentals	6,655	7,100	8,245	1,145
Contributions and Donations	17	700	700	0
Charges for Services	59,749	72,600	72,727	127
Miscellaneous	8,757	13,601	13,554	(47)
<i>Total Revenues</i>	<u>8,185,013</u>	<u>8,328,988</u>	<u>8,326,254</u>	<u>(2,734)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,454,004	4,476,325	4,474,601	1,724
Special	919,570	957,829	955,482	2,347
Support Services:				
Pupil	276,965	249,737	249,737	0
Instructional Staff	208,112	164,976	164,913	63
Board of Education	19,162	18,929	18,863	66
Administration	674,129	658,732	656,859	1,873
Fiscal	347,141	324,253	322,182	2,071
Operation and Maintenance of Plant	707,434	660,511	658,068	2,443
Pupil Transportation	284,223	294,337	293,192	1,145
Extracurricular Activities	158,458	154,110	153,861	249
Capital Outlay	99,625	131,000	130,814	186
Debt Service:				
Principal Retirement	9,000	9,000	9,000	0
Interest and Fiscal Charges	3,425	3,200	3,119	81
<i>Total Expenditures</i>	<u>8,161,248</u>	<u>8,102,939</u>	<u>8,090,691</u>	<u>12,248</u>
<i>Excess of Revenues Over Expenditures</i>	<u>23,765</u>	<u>226,049</u>	<u>235,563</u>	<u>9,514</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	2,035	2,035	0
Advances In	0	9,000	9,000	0
Advances Out	(9,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(9,000)</u>	<u>11,035</u>	<u>11,035</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	14,765	237,084	246,598	9,514
<i>Fund Balance Beginning of Year</i>	1,684,740	1,684,740	1,684,740	0
Prior Year Encumbrances Appropriated	76,426	76,426	76,426	0
<i>Fund Balance End of Year</i>	<u>\$1,775,931</u>	<u>\$1,998,250</u>	<u>\$2,007,764</u>	<u>\$9,514</u>

See accompanying notes to the basic financial statements.

**Columbiana Exempted Village School District**

*Statement of Fund Net Assets*

*Internal Service Fund*

*June 30, 2008*

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	<u>Self Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$319,491
<b>Liabilities</b>	
	<u>0</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$319,491</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Statement of Revenues,*

*Expenses and Changes in Fund Net Assets*

*Internal Service Fund*

*For the Fiscal Year Ended June 30, 2008*

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	<u>Self Insurance</u>
<b>Operating Revenues</b>	<u>\$0</u>
<b>Operating Expenses</b>	
Salaries	2,500
Fringe Benefits	350
Purchased Services	6,488
Claims	<u>3,580</u>
<i>Total Operating Expenses</i>	<u>12,918</u>
<i>Operating Loss</i>	(12,918)
<i>Net Assets Beginning of Year</i>	<u>332,409</u>
<i>Net Assets End of Year</i>	<u><u>\$319,491</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, 2008*

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	<u>Self Insurance</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Payments to Employees for Services	(\$2,500)
Cash Payments for Employee Benefits	(350)
Cash Payments for Goods and Services	(6,488)
Cash Payments for Claims	<u>(3,580)</u>
<i>Net Cash Used for Operating Activities</i>	(12,918)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>332,409</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$319,491</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	<u><u>(\$12,918)</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, 2008*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$20,409</u>
<b>Liabilities</b>	
Due to Students	<u>\$20,409</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, 2008*

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

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

The School District was established in 1890 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 18 square miles. It is located in Columbiana and Mahoning Counties, and includes all of the City of Columbiana and portions of Fairfield, Beaver and Springfield Townships. The School District is staffed by 44 non-certificated employees, 69 certificated full-time teaching personnel and 5 administrative employees who provide services to 1,016 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 has 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 (ACCESS), 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 Note 17, Note 18 and Note 19 of the basic financial statements.

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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### **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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and internal service fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies follow.

#### **A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a statement of net assets 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 assets 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 assets 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.

#### **B. 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, 2008*

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**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities 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 for all financial resources except those required to be accounted for in another fund.

**Bond Retirement Debt Service Fund** The bond retirement fund is used to account for the accumulation of property tax revenues for, and the payment of, the certificates of participation.

**Permanent Improvement Capital Projects Fund** The permanent improvement fund is used to account for transactions related to acquiring, constructing or improving capital facilities.

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

**Proprietary Fund Type** Proprietary funds focus on the determination of operating income, changes in net assets, 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.

**Fiduciary Fund Type** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the 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.

### **C. Measurement Focus**

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

**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 current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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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 assets. The statement of revenues, expenses and changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. 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.

### ***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, 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 Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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

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

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

### ***E. Budgetary Data***

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

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

### ***F. 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."

During fiscal year 2008, investments were limited to repurchase agreements, STAROhio, U.S. Treasury Notes, Federal Home Loan Mortgage Corporation Notes and Federal National Mortgage Association Notes. 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.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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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”.

STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for on June 30, 2008.

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 2008 amounted to \$134,847 which includes \$1,040 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.

### ***G. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent amounts restricted for the purchase of school buses and restricted assets in the bond retirement fund represent monies set-aside to satisfy requirements in the trustee agreement for the issuance of the certificates of participation. These amounts are restricted for the last principal and interest payment on the certificates.

### ***H. Inventory***

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

### ***I. 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 assets 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, 2008*

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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>
Land Improvements	5 - 10 years
Buildings and Improvements	25 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 15 years

***J. 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.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the general fund.

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

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

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

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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### ***L. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$451,000 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include grants and resources restricted for food service operations and extracurricular activities.

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

### ***M. Fund Balance Reserves***

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, property taxes, future debt service payments on certificates of participation and for the purchase of school buses.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for debt service represents money reserved for future payment of principal and interest on the certificates of participation.

### ***N. Internal Activity***

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

### ***O. 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.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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### ***P. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

### ***Q. Estimates***

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

### **Note 3 - Change in Accounting Principles**

For fiscal year 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The implementation of this statement did not result in any change to the District's financial statements. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and STRS post-employment healthcare plans in the amounts of \$36,391 and \$38,330, respectively, which are the same as previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

### **Note 4 – Fund Deficits**

The title I special revenue fund had a deficit fund balance of \$11,842 as of June 30, 2008.

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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### 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 a reservation of fund balance (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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	\$306,917
Net Adjustment for Revenue Accruals	(30,082)
Advance In	9,000
Beginning Fair Value Adjustment for Investments	(9,630)
Ending Fair Value Adjustment for Investments	733
Net Adjustment for Expenditure Accruals	(14,098)
Adjustment for Encumbrances	<u>(16,242)</u>
Budget Basis	<u>\$246,598</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.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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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;
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 (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

### **Investments**

As of June 30, 2008, the School District had the following investments:

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

	Maturity		Total
	Less Than One Year	More than One Year	
Repurchase Agreements	\$442,000	\$0	\$442,000
STAROhio	79,165	0	79,165
U.S. Treasury Notes	978,625	0	978,625
Federal Home Loan Mortgage Corporation Notes	0	851,912	851,912
Federal National Mortgage Association Notes	0	903,343	903,343
<b>Total Portfolio</b>	<b>\$1,499,790</b>	<b>\$1,755,255</b>	<b>\$3,255,045</b>

**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.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Corporation Notes and the Federal National Mortgage Association Notes are exposed to custodial credit risk in that they are uninsured and unregistered and held by the counter-party. The School District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Credit Risk** The Federal Home Loan Mortgage Corporation Notes and the Federal National Mortgage Association Notes carry a rating of AAA by Standard & Poor's and STAROhio also carries a rating of AAA by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

**Concentration of Credit Risk** The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2008:

Investments	Percentage of Investments
U.S. Treasury Notes	30.07 %
Federal National Mortgage Association Notes	27.75
Federal Home Loan Mortgage Corporation Notes	26.17
Repurchase Agreements	13.58
StarOhio	2.43

### Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District 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, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes 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 revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

The School District receives property taxes from Mahoning and Columbiana Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 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, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2008 was \$55,008 in the general fund, \$2,429 in the bond retirement debt service fund, and \$12,414 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2007 was \$52,251 in the general fund, \$5,303 in the bond retirement debt service fund, and \$9,404 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$146,522,860	90.33 %	\$163,661,700	93.33 %
Public Utility Personal	4,695,780	2.90	4,153,590	2.37
Tangible Personal Property	10,982,474	6.77	7,537,067	4.30
Total	<u>\$162,201,114</u>	<u>100.00 %</u>	<u>\$175,352,357</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$34.53		\$34.53	

### Note 8 - Receivables

Receivables at June 30, 2008, consisted of taxes, accounts (rent and tuition), and intergovernmental grants. 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.

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

**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.

**Note 10 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	Balance 6/30/07	Additions	Deletions	Balance 6/30/08
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$177,777	\$0	\$0	\$177,777
<i>Capital Assets, being depreciated:</i>				
Land Improvements	49,411	0	0	49,411
Buildings and Improvements	10,538,810	163,908	0	10,702,718
Furniture and Equipment	243,874	0	0	243,874
Vehicles	366,012	0	(8,240)	357,772
<i>Total Capital Assets, being depreciated</i>	11,198,107	163,908	(8,240)	11,353,775
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(49,411)	0	0	(49,411)
Buildings and Improvements	(2,799,379)	(225,867)	0	(3,025,246)
Furniture and Equipment	(171,022)	(16,099)	0	(187,121)
Vehicles	(183,749)	(21,123)	8,240	(196,632)
<i>Total Accumulated Depreciation</i>	(3,203,561)	(263,089) *	8,240	(3,458,410)
<i>Total Capital Assets, being depreciated, net</i>	7,994,546	(99,181)	0	7,895,365
<b>Governmental Activities Capital Assets, Net</b>	<u>\$8,172,323</u>	<u>(\$99,181)</u>	<u>\$0</u>	<u>\$8,073,142</u>

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

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

Instruction:	
Regular	\$152,805
Special	5,000
Support Services:	
Pupils	5,436
Instructional Staff	7,923
Administration	4,340
Fiscal	1,548
Operation and Maintenance of Plant	47,922
Pupil Transportation	21,123
Operation of Non-Instructional Services:	
Food Service Operations	6,533
Extracurricular Activities	10,459
Total Depreciation Expense	<u>\$263,089</u>

### Note 11 - Risk Management

#### A. 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 2008, the School District contracted with Indiana Insurance for various types of insurance. Coverage is as follows:

Coverage	Amount
Building and Contents - replacement cost (\$1,000 deductible)	\$15,389,924
Inland Marine Coverage (\$100 deductible)	75,000
Schedule Property (\$250 deductible)	767,950
Automobile Liability (\$500 deductible)	1,000,000
General Liability:	
Per Occurrence	2,000,000
Total Per Year	2,000,000
Commercial Umbrella Liability Policy	2,000,000

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.

#### B. Employee Medical, Dental and Vision Benefits

Effective July 1, 2006, the School District became a member of the Portage Area School Consortium (the "Consortium"), a jointly governed organization (see Note 17), through which a cooperative Health Benefit Program was created for the benefits of its members. In previous years, the School District was self-insured.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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

### ***C. Worker's Compensation***

For fiscal year 2008, 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.

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

### ***A. School Employee Retirement System***

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$79,746, \$74,888 and \$76,742 respectively; 44.35 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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### ***B. 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 plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$498,294, \$472,849, and \$439,409 respectively; 78.71 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$9,358 made by the School District and \$17,070 made by the plan members.

### ***C. 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 Retirement System. As of June 30, 2008, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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

#### ***A. 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 is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

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 401h. For 2008, 4.18 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 2008, this amount was \$12,853.

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, 2008, 2007, and 2006 were \$36,291, \$38,872, and \$27,133 respectively; 44.35 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$5,746, \$5,092, and \$5,543 respectively; 44.35 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

#### ***B. 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. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$38,330, \$36,373, and \$33,801 respectively; 44.35 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**Note 14 - Other Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn up to twenty days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators 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.

**B. Life Insurance**

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

**Note 15 - Leases**

**A. Capital Leases**

The School District has an existing lease for a replacement school bus. The School District’s lease obligation meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases." These expenditures are reflected as program/function expenditures on a budgetary basis.

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

<b><i>Governmental Activities</i></b>	
<b>Capital Assets, being depreciated</b>	
Vehicles	\$100,970
<b>Less Accumulated Depreciation:</b>	
Vehicles	<u>(33,657)</u>
<b><i>Governmental Activities Leased Assets, Net</i></b>	<u><u>\$67,313</u></u>

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2008.

Fiscal Year Ending June 30,	Governmental Activities
2009	\$11,717
2010	11,384
2011	12,006
2012	11,590
2013	12,154
2014 - 2015	23,065
Total	81,916
Less: Amount Representing Interest	(12,946)
Present Value of Net Minimum Lease Payments	\$68,970

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.

### Note 16 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2008 were as follows:

	Principal Outstanding June 30, 2007	Additions	Deductions	Principal Outstanding June 30, 2008	Amount Due in One Year
<b>Governmental Activities</b>					
<b>Outstanding Debt</b>					
1999 Certificates of Participation (COP)					
Current Interest Serial COP 3.5 - 4.3%	\$1,145,000	\$0	(\$320,000)	\$825,000	\$390,000
Capital Appreciation COP 4.6 - 4.9%	1,409,773	0	0	1,409,773	0
Accretion on Capital Appreciation COP	682,736	100,846	0	783,582	0
Current Interest Term COP 5.05 - 5.15%	6,380,000	0	0	6,380,000	0
<i>Total Certificates of Participation</i>	9,617,509	100,846	(320,000)	9,398,355	390,000
2001 Library Improvement Bonds 4.95%	500,000	0	(115,000)	385,000	120,000
2003 Income Tax Anticipation Note	128,000	0	(128,000)	0	0
1998 Energy Conservation Loan 4.8%	299,674	0	(40,310)	259,364	42,268
<i>Total Outstanding Debt</i>	10,545,183	100,846	(603,310)	10,042,719	552,268
<b>Other Long-term Obligations</b>					
Capital Leases	77,970	0	(9,000)	68,970	9,000
Compensated Absences	620,459	99,846	(64,539)	655,766	76,199
<i>Total Other Long-term Obligations</i>	698,429	99,846	(73,539)	724,736	85,199
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	\$11,243,612	\$200,692	(\$676,849)	\$10,767,455	\$637,467

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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On February 3, 1999, the School District entered into a lease agreement with the Corporation for a new high school. The Corporation entered an agreement with a trustee through which it assigned and transferred rights, title and interest under the lease to Huntington National Bank as Trustee. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semiannual lease payments. Proceeds from the issuance were mainly used to construct a new high school.

In addition, terms of the trust indenture require a portion of the proceeds to be set aside for current and future certificate payments. The current certificate payment account is used to account for resources accumulated for payment over the next twelve months. The reserve account is used solely to make rent payments if a deficiency exists in the current certificate payment account and, if all payments are current, to make payment of the last certificate amounts.

The obligation of the School District under the lease and any subsequent lease renewal is subject to the annual appropriation of rental payments. Legal title to the facilities remains with the trustee until all payments required under the lease have been made. At that time, title will be transferred to the School District. In the event that the School District defaults on the lease, after thirty days the lessor may lease the building to a new tenant. Under the terms of the lease agreement, the School District may not lease, acquire, or allocate funds to acquire functionally similar facilities for thirty days after default. The lease obligation will be paid from a portion of property tax levies.

The certificates were issued in the amount of \$9,944,773 which includes current interest serial, capital appreciation (deep discount) and current interest term certificates in the amounts of \$2,155,000, \$1,409,773 and \$6,380,000, respectively. The lease is an annual lease subject to renewal for twenty-three years through December 1, 2022. The certificates will be retired from the bond retirement debt service fund.

The capital appreciation certificates contain a compounding interest component in the amount of \$1,305,227, which is being accreted annually until the point of maturity of the capital appreciation certificates, which is fiscal year 2015. There will be no interest payments until the final payment is made.

The final payment on the outstanding capital appreciation certificates is \$1,409,773. The accretion recorded for fiscal year 2007 was 100,846, for a total outstanding certificates liability of \$2,193,355 at June 30, 2008.

The term bonds maturing on December 1, 2019 and 2022 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

Year	Issue	
	\$3,675,000	\$2,705,000
2015	\$660,000	\$0
2016	700,000	0
2017	735,000	0
2018	770,000	0
2020	0	850,000
2021	0	905,000
Total	<u>\$2,865,000</u>	<u>\$1,755,000</u>
<i>Stated Maturity</i>	<i>12/1/2019</i>	<i>12/1/2022</i>

The remaining principal amount of the term bonds (\$810,000 and \$950,000) will mature at the stated maturity.

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

On December 11, 2002, the School District issued \$640,000 in income tax anticipation notes. The notes were issued for a five year period and were retired on December 1, 2007.

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 library improvement bonds will be paid from the bond retirement debt service fund. The energy conservation loan will be paid from the permanent improvement capital projects fund. The compensated absences will be paid from the general fund and the food service, auxiliary services and title I special revenue funds. The capital lease will be paid from the general fund.

The overall debt margin of the School District as of June 30, 2008 was \$15,550,034 with an unvoted debt margin of \$166,805. Principal and interest requirements to retire the certificates of participation, the library improvement bonds and the energy conservation loan outstanding at June 30, 2008 are as follows:

Fiscal Year Ending June 30	Certificates of Participation					
	Current Interest Serial		Capital Appreciation		Current Interest Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$390,000	\$351,888	\$0	\$0	\$0	\$0
2010	435,000	334,248	0	0	0	0
2011	0	0	274,461	195,539	0	0
2012	0	0	280,027	224,973	0	0
2013	0	0	282,145	257,855	0	0
2014 - 2018	0	0	573,140	626,860	2,095,000	819,777
2019 - 2023	0	0	0	0	4,285,000	573,527
Total	<u>\$825,000</u>	<u>\$686,136</u>	<u>\$1,409,773</u>	<u>\$1,305,227</u>	<u>\$6,380,000</u>	<u>\$1,393,304</u>

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

Fiscal Year Ending June 30	General Obligation Bonds		Energy Conservation Loan	
	Library Improvement		Principal	Interest
	Principal	Interest		
2009	\$120,000	\$17,573	\$42,268	\$11,948
2010	125,000	11,633	44,321	9,895
2011	140,000	5,321	46,474	7,742
2012	0	0	48,731	5,485
2013	0	0	51,098	3,117
2014	0	0	26,472	635
Total	<u>\$385,000</u>	<u>\$34,527</u>	<u>\$259,364</u>	<u>\$38,822</u>

**Note 17 - Jointly Governed Organizations**

***A. 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. 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.

***B. Access Council of Governments***

The Access Council of Governments (COG) is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among the member districts. Each of the governments of these schools supports COG based upon a per pupil charge, which was \$39 for fiscal year 2008. Columbiana Exempted Village School District paid \$24,187 to the COG during fiscal year 2008. COG is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of COG including budgeting, appropriating, contracting and designating management. 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**

***A. 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.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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### ***B. Risk Sharing Pool***

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

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

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

### **Note 20 - Contingencies**

#### ***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

#### ***B. Litigation***

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

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008

### 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 purchase of textbooks and other instructional materials and an equal amount 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 textbooks, capital acquisitions, and budget stabilization. Disclosure of this information is required by State statute.

	Textbooks Instructional Materials Reserve	Capital Improvements Reserve
Set-Aside Reserve Balance as of June 30, 2007	(\$97,681)	\$0
Current Year Set-aside Requirement	159,962	159,962
Current Year Offset	0	(736,878)
Qualifying Disbursements	(192,778)	(120,311)
Total	<u>(\$130,497)</u>	<u>(\$697,227)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$130,497)</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2008	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. Although the School District had qualifying 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  
COLUMBIANA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education:</i>					
Food Distribution Program	10.550		\$15,205		\$15,205
Nutrition Cluster:					
National School Breakfast Program	10.553	31,386		31,386	
National School Lunch Program	10.555	117,745		117,745	
Total Nutrition Cluster		<u>149,131</u>		<u>149,131</u>	
<b>Total U.S. Department of Agriculture</b>		<u><b>149,131</b></u>	<u><b>15,205</b></u>	<u><b>149,131</b></u>	<u><b>15,205</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education:</i>					
Title I Grants to Local Educational Agencies	84.010	119,255		132,898	
IDEA - Part B Grant	84.027	251,264		251,264	
Title V - Innovation Program Grant	84.298	2,721		2,721	
Drug Free School Grant	84.186	3,886		3,886	
Title II-A Grant	84.367	41,559		41,559	
Early Childhood Special Education	84.173	5,504		5,504	
Title II-D Grant	84.318	1,207		1,207	
<b>Total Department of Education</b>		<u><b>425,396</b></u>		<u><b>439,039</b></u>	
<b>Total Federal Receipts and Expenditures</b>		<u><u><b>\$574,527</b></u></u>	<u><u><b>\$15,205</b></u></u>	<u><u><b>\$588,170</b></u></u>	<u><u><b>\$15,205</b></u></u>

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2008**

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B -- FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local receipts. It is assumed federal monies are expended first.



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbiana Exempted Village School District, Columbiana County, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

### Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated March 23, 2009.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

March 23, 2009



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

#### Compliance

We have audited the compliance of the Columbiana Exempted Village School District, Columbiana County, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

#### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

March 23, 2009

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other 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 other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	IDEA – Part B Grant (CFDA# 84.027)
<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





Mary Taylor, CPA  
Auditor of State

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT**  
**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**MAY 7, 2009**