



Dave Yost • Auditor of State



BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Beaver Local School District  
Columbiana County  
13093 State Route 7  
Lisbon, Ohio 44432

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beaver Local School District, Columbiana County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Beaver Local School District, Columbiana County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 20 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard Board Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" and No. 65, "*Items Previously Reported as Assets and Liabilities*". We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

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

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

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

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

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

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

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

February 14, 2014

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**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2013  
Unaudited**

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

**Financial Highlights**

Key financial highlights for fiscal year 2013 are as follows:

In total, net position increased \$3,305,233.

General revenues accounted for \$20,044,421, or 85 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,512,456, or 15 percent of total revenues of \$23,556,877.

The District had \$20,251,644 in expenses related to governmental activities; only \$3,512,456 of these expenses was offset by program specific charges for services, grants or contributions. General revenue supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$20,044,421 was adequate to provide for these programs.

The District's major funds included the General Fund, the Bond Retirement Fund and the Building Construction Fund. The General Fund had \$17,593,608 in revenues and other financing sources and \$17,788,906 in expenditures and other financing uses. The General Fund's balance decreased \$195,298 from the prior fiscal year. The Bond Retirement Fund had \$1,204,665 in revenues and other financing sources and \$829,391 in expenditures. The Bond Retirement Fund's balance increased \$375,226 from the prior fiscal year. The Building Construction Fund had \$23,180,930 in revenues and other financing sources and \$1,470,797 in expenditures. The Building Construction Fund's balance increased \$21,710,133 from the prior fiscal year.

**Using this Basic Financial Report**

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

The statement of net position and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in one column. The District has three major governmental funds: the General Fund, the Bond Retirement Fund and the Building Construction Fund.

**Reporting the District's Most Significant Funds**

**Statement of Net Position and Statement of Activities**

The statement of net position and the statement of activities answer the question, "How did we do financially during 2013?" These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2013  
Unaudited  
(Continued)**

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

In the statement of net position and the statement of activities, the District's activities are considered to be all governmental activities:

Governmental Activities - All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

**Reporting the District's Most Significant Funds**

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for its multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District has three major governmental funds: the General Fund, the Bond Retirement Fund and the Building Construction Fund.

Governmental Funds

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

**Reporting the District's Fiduciary Responsibilities**

The District acts in the trustee capacity as an agent for other governmental funds (Student Managed Funds). This activity is reported in one agency fund.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2013  
Unaudited  
(Continued)**

**The District as a Whole**

Recall that the statement of net position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position for fiscal year 2013, compared to fiscal year 2012.

<b>Table 1 Net Position Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>
<b><u>Assets:</u></b>		
Current and Other Assets	\$32,657,229	\$8,195,401
Capital Assets, Net	5,344,988	4,156,616
Total Assets	38,002,217	12,352,017
<b><u>Liabilities:</u></b>		
Current and Other Liabilities	2,530,281	2,030,039
Long-Term Liabilities	23,089,193	1,504,599
Total Liabilities	25,619,474	3,534,638
Deferred Inflows of Resources	6,088,197	5,828,066
<b><u>Net Position:</u></b>		
Net Investments in Capital Assets	4,748,234	3,782,307
Restricted	2,870,499	749,391
Unrestricted (Deficit)	(1,324,187)	(1,542,385)
Total Net Position (Deficit)	\$6,294,546	\$2,989,313

General obligation bonds were sold in August 2012 attributed to the increase in current assets and long-term liabilities.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2013  
Unaudited  
(Continued)**

Table 2 reflects the changes in net position for fiscal year 2013, compared to fiscal year 2012.

**Table 2  
Change in Net Position  
Governmental Activities**

	<u>2013</u>	<u>2012</u>
<b><u>Revenues:</u></b>		
Program Revenues:		
Charges for Services and Sales	\$2,001,875	\$2,251,111
Operating Grants, Contributions and Interest	1,510,581	1,873,928
Total Program Revenues	<u>3,512,456</u>	<u>4,125,039</u>
General Revenues:		
Property Taxes	6,216,069	5,604,855
Grants and Entitlements	13,754,358	10,599,867
Interest	4,447	905
Miscellaneous	67,570	11,640
Insurance Recoveries	1,977	2,651
Total General Revenues	<u>20,044,421</u>	<u>16,219,918</u>
Total Revenues	<u>23,556,877</u>	<u>20,344,957</u>
<b><u>Expenses</u></b>		
Instruction	12,193,526	11,975,252
Support Services:		
Pupils	404,418	573,917
Instructional Staff	671,092	745,388
Board of Education	27,595	30,506
Administration	1,410,747	1,459,296
Fiscal	452,574	444,825
Operation and Maintenance of Plant	1,516,612	1,460,103
Pupil Transportation	1,343,361	1,065,612
Central	70,561	65,040
Operation of Non-Instructional Services	820,794	817,041
Extracurricular Activities	539,581	519,826
Issuance Costs	240,347	
Interest and Fiscal Charges	560,436	3,042
Total Expenses	<u>20,251,644</u>	<u>19,159,848</u>
Change in Net Position	<u>\$3,305,233</u>	<u>\$1,185,109</u>

**Governmental Activities**

Net position of the District's governmental activities were increased by \$3,305,233. Program revenues of \$3,512,456 and general revenues of \$20,044,421 offset total governmental expenses of \$20,251,644. Program revenues supported 17 percent of the total governmental expenses.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2013  
Unaudited  
(Continued)**

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 85 percent of total governmental revenue. Real estate property is reappraised every six years. Although recent growth has had a positive effect on the District's tax base, the full tax revenue impact has not been realized due to H.B. 920. This state law, enacted in 1976, does not allow for revenue increases caused by inflationary growth of real property values. Increases in valuation prompt corresponding annual reductions in the "effective millage," the tax rates applied to real property. However, H.B. 920 provided a "safety net" for schools by prohibiting the effective millage from reducing past 20 mills. Due to the annual reductions, the District's millage has been reduced to 20 mills, and the District is able to collect inflationary growth on the 20 mills. This affords the District the opportunity to offset inflation on the expense side without asking the voters every three to five years for additional operating millage.

Voters approved the last Emergency Levy renewal in February 2009. This levy, which generates approximately \$1.2 million per year for a five-year period of time, is expected to provide adequate revenue for general operating expenses through the calendar year 2015.

In March 2012, voters approved a building construction levy and capital maintenance levy to finance the District's 38 percent of the construction of a new K-12 building through the partnership with the Ohio School Facilities Commission. The construction levy is for a 28-year period. Capital maintenance levy is for a 23-year period.

The District's financial condition has kept even in recent years, primarily due to management controlling expenses. Basic State support has increased very little the last year, and is expected a no growth increase in the 2013-2014 fiscal year. The District is projecting annual growth in State pupil basic aid support of 4.09 percent for 2014 and very little growth beyond 0.72 percent. In addition, the District has continued the practice of financing new initiatives, such as full day, every day kindergarten programs at its elementary buildings.

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

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2013  
Unaudited  
(Continued)**

**Table 3  
Governmental Activities**

	<b>Total Cost of</b>	<b>Net Cost of</b>	<b>Total Cost of</b>	<b>Net Cost of</b>
	<b>Services</b>	<b>Services</b>	<b>Services</b>	<b>Services</b>
	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
<b>Expenses</b>				
Instruction	\$12,193,526	\$9,816,563	\$11,975,252	\$9,442,779
Support Services:				
Pupils	404,418	404,418	573,917	418,847
Instructional Staff	671,092	607,382	745,388	704,167
Board of Education	27,595	27,595	30,506	30,506
Administration	1,410,747	1,410,747	1,459,296	1,458,931
Fiscal	452,574	452,574	444,825	440,875
Operation and Maintenance of Plant	1,516,612	1,516,612	1,460,103	1,150,363
Pupil Transportation	1,343,361	1,326,714	1,065,612	1,065,612
Central	70,561	70,561	65,040	65,040
Operation of Non-Instructional Services	820,794	15,663	817,041	(28,935)
Extracurricular Activities	539,581	289,576	519,826	283,582
Issuance Costs	240,347	240,347		
Interest and Fiscal Charges	560,436	560,436	3,042	3,042
<b>Total Expenses</b>	<b>\$20,251,644</b>	<b>\$16,739,188</b>	<b>\$19,159,848</b>	<b>\$15,034,809</b>

The dependence upon state revenues and taxes for governmental activities is apparent. 81 percent of instruction activities are supported through other general/state revenues. For all governmental activities, general revenue support is 83 percent. The State of Ohio, as a whole, is by far the primary support for the District's students.

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$23,372,481, which is above last year's total of (\$288,334). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2013. The change is due to the passage of a bond levy in March 2012. The bonds were sold in August 2012.

	<b>Fund Balance</b>	<b>Fund Balance</b>	<b>Increase/</b>
	<b>June 30, 2013</b>	<b>June 30, 2012</b>	<b>Decrease</b>
General	(\$749,506)	(\$554,208)	(\$195,298)
Bond Retirement	375,226	-	375,226
Building Construction	21,710,133	-	21,710,133
Other Governmental	2,036,628	265,874	1,770,754
<b>Total</b>	<b>\$23,372,481</b>	<b>(\$288,334)</b>	<b>\$23,660,815</b>

The District's major governmental funds are the General Fund, the Bond Retirement Fund and the Building Construction Fund. General Fund revenues and other financing sources decreased by less than 1 percent while expenditures increased by more than 4 percent. The Bond Retirement Fund revenues increased by 100 percent, and expenditures increased by 100 percent. The Building Construction Fund revenues increased by 100 percent, and expenditures increased by 100 percent.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2013  
Unaudited  
(Continued)**

The net decrease in the General Fund balance for fiscal year 2013 was \$195,298 was primarily a result of an increase in overall expenditures. The net increase in the Bond Retirement Fund balance for fiscal year 2013 was \$375,226. This was the result of property tax monies being collected to retire debt obligations. The net increase in the Building Construction Fund balance for fiscal year 2013 was \$21,710,133. The increase was due to the issuance of bonds for the construction project in 2013.

**General Fund**

The District's General Fund balance decreased by \$195,298. The decrease can be attributed to the increase in overall expenditures were greater than the decrease in overall revenues. The table that follows assists in illustrating the financial activities and fund balance of the General Fund.

	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>			
Taxes	\$5,447,667	\$5,567,128	(2.1%)
Earnings on investments	4,306	884	387.1%
Intergovernmental	10,417,714	10,609,181	(1.8%)
Other revenues	1,723,921	1,553,817	10.9%
Total	<u>\$17,593,608</u>	<u>\$17,731,010</u>	(0.7%)
<b><u>Expenditures</u></b>			
Instruction	\$11,667,593	\$10,591,230	10.2%
Support Services	5,647,582	5,708,444	(1.1%)
Extracurricular activities	383,120	350,124	9.4%
Other	90,611	444,500	(79.6%)
Total	<u>\$17,788,906</u>	<u>\$17,094,298</u>	4.1%

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

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

For the General Fund, final budgeted revenues and other financing sources were \$17,369,646.

General Fund original appropriations of \$17,116,708 were increased 3.4 percent in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$17,699,477, which was \$23 less than the final budget appropriations. The increase wages and benefits in regular and special instruction were attributed to the increase in the District's final budget.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2013  
Unaudited  
(Continued)**

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2013, the District had \$5,344,988 invested in land, building and improvements, furniture and equipment, and vehicles. This entire total was reported in governmental activities. See Note 7 to the basic financial statements. The following table shows fiscal year 2013 balances compared to 2012.

<b>Capital Assets at June 30</b>		
	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Land	\$496,847	\$496,847
Construction in Progress	1,457,538	-
Building/Improvements	2,519,874	2,633,759
Furniture/equipment	162,534	210,235
Vehicles	708,195	815,775
<b>Totals</b>	<b>\$5,344,988</b>	<b>\$4,156,616</b>

**Debt Administration**

At June 30, 2013, the District had \$22,076,106 in general obligation bonds and loans outstanding. Of this total, \$483,988 is due within one year and \$21,592,118 is due within greater than one year. The following table summarizes the loans outstanding.

<b>Outstanding Debt, at Year End</b>		
	<b>Governmental Activities 2013</b>	<b>Governmental Activities 2012</b>
OWDA Loan	\$128,181	\$141,893
General Obligation Bonds 2012		-
Current Interest Bonds	13,120,000	-
Term Bonds	8,350,000	-
Capital Appreciation Bonds	28,614	-
Unamortized Bond Premium	449,311	-
<b>Total</b>	<b>\$22,076,106</b>	<b>\$141,893</b>

See Note 13 to the basic financial statements for additional information on the District's debt administration.

**For the Future**

As the preceding information shows, the District relies heavily upon grants and entitlements, and property taxes. The renewal of the Emergency Levy in calendar year 2009 was imperative for the District to survive. This levy generates approximately \$1.2 million in tax revenue annually to meet the educational and operating needs. The future financial stability of the District is not without challenges.

The first challenge is that although the District will have the resources necessary to meet operating expenses in fiscal year 2013, the District must maintain tight controls over spending to live within the means provided by the voters and the State of Ohio.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2013  
Unaudited  
(Continued)**

The next challenge is that the District's Management must continue to provide the resources necessary to meet student needs while diligently planning expenses, staying within the five-year plan. The five-year plan is utilized by management to manage resources effectively and efficiently. Additional revenues should not be treated as a windfall to expand programs, but as an opportunity to extend the life of the five-year plan.

In March 2012, the District's voters passed a bond issue/maintenance levy to support the construction of a new K-12 building to be located on District owned property. The District qualifies for the Ohio School Facilities Commission (OSFC) Classroom Facilities Assistance Program (CFAP). The local share for facilities is 38% and the State would finance 62% of the cost of construction.

The last challenge facing the District is the future of state funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. At this time, the District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

The District's systems of budgeting and internal controls are well regarded. All of the District's financial abilities will be needed to meet the financial challenges of the future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. If you have any questions about this report or need additional financial information, contact Mr. Robert P. Barrett, Treasurer/CFO at Beaver Local School District, 13093 State Route 7, Lisbon, Ohio 44432.

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**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Statement of Net Position  
June 30, 2013**

		<u><b>Governmental Activities</b></u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$	6,709,376
Investments		18,789,662
Materials and Supplies Inventory		42,711
Accrued Interest Receivable		20,477
Accounts Receivable		53,963
Intergovernmental Receivable		195,825
Taxes Receivable		6,845,215
Capital Assets:		
Non-Depreciable Capital Assets		1,954,385
Depreciable Capital Assets, net		3,390,603
Total Assets		<u>38,002,217</u>
<b>LIABILITIES:</b>		
Accounts Payable		616,550
Accrued Wages and Benefits		1,443,794
Contracts Payable		69,159
Intergovernmental Payable		400,778
Long-Term Liabilities:		
Due Within One Year		592,665
Due in More Than One Year		22,496,528
Total Liabilities		<u>25,619,474</u>
<b>Deferred Inflows of Resources:</b>		
Property Taxes Levied for the Next Fiscal Year		6,088,197
Total Liabilities and Deferred Inflows of Resources		<u>31,707,671</u>
<b>Net Position:</b>		
Net Investment in Capital Assets		4,748,234
Restricted for Debt Service		782,094
Restricted for Capital Outlay		1,915,243
Restricted for Other Purposes		173,162
Unrestricted		(1,324,187)
Total Net Position	\$	<u>6,294,546</u>

See Accompanying Notes to the Basic Financial Statements

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2013**

	<b>Program Revenues</b>			<b>Net(Expense) Revenue and Changes in Net Position</b>
<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	
<hr/>	<hr/>	<hr/>	<hr/>	
Governmental Activities:				
Instruction:				
Regular	\$ 10,209,536	\$ 1,541,886	\$ 132,194	\$ (8,535,456)
Special	1,964,364		616,211	(1,348,153)
Vocational	8,136		86,672	78,536
Student Intervention Services	11,490			(11,490)
Support Services:				
Pupils	404,418			(404,418)
Instructional Staff	671,092		63,710	(607,382)
Board of Education	27,595			(27,595)
Administration	1,410,747			(1,410,747)
Fiscal	452,574			(452,574)
Operation and Maintenance of Plant	1,516,612			(1,516,612)
Pupil Transportation	1,343,361		16,647	(1,326,714)
Central	70,561			(70,561)
Operation of Non-Instructional Services	820,794	209,984	595,147	(15,663)
Extracurricular Activities	539,581	250,005		(289,576)
Issuance Costs	240,347			(240,347)
Interest and Fiscal Charges	560,436			(560,436)
<b>Totals</b>	<b>\$ <u>20,251,644</u></b>	<b>\$ <u>2,001,875</u></b>	<b>\$ <u>1,510,581</u></b>	<b>\$ <u>(16,739,188)</u></b>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				5,384,744
Property Taxes, Levied for Debt Service				760,096
Property Taxes, Levied for Other				71,229
Grants and Entitlements not Restricted to Specific Programs				13,754,358
Investment Earnings				4,447
Miscellaneous				67,570
Insurance Recoveries				1,977
<b>Total General Revenues</b>				<b><u>20,044,421</u></b>
Change in Net Position				3,305,233
Net Position Beginning of Year				2,989,313
Net Position End of Year				<b>\$ <u>6,294,546</u></b>

See Accompanying Notes to the Basic Financial Statements

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Balance Sheet  
Governmental Funds  
June 30, 2013**

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>Building Construction Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 647,768	\$ 337,227	\$ 3,536,476	\$ 2,187,905	\$ 6,709,376
Investments			18,789,662		18,789,662
Materials and Supplies Inventory	21,686			21,025	42,711
Accounts Receivable	52,911			1,052	53,963
Interfund Receivable	52,603				52,603
Intergovernmental Receivable				195,825	195,825
Taxes Receivable	5,601,418	1,135,212		108,585	6,845,215
<b>Total Assets</b>	<b>\$ 6,376,386</b>	<b>\$ 1,472,439</b>	<b>\$ 22,346,615</b>	<b>\$ 2,514,392</b>	<b>\$ 32,709,832</b>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	39,333		567,323	9,894	616,550
Accrued Wages and Benefits	1,308,393			135,401	1,443,794
Contracts Payable			69,159		69,159
Interfund Payable				52,603	52,603
Intergovernmental Payable	362,015			38,763	400,778
<b>Total Liabilities</b>	<b>1,709,741</b>	<b>-</b>	<b>636,482</b>	<b>236,661</b>	<b>2,582,884</b>
<b>Deferred Inflow of Resources</b>					
Property Levied for the Next Fiscal Year	5,416,151	1,097,213		104,945	6,618,309
Unavailable Revenue				136,158	136,158
<b>Total Deferred Inflows of Resources</b>	<b>5,416,151</b>	<b>1,097,213</b>	<b>-</b>	<b>241,103</b>	<b>6,754,467</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>7,125,892</b>	<b>1,097,213</b>	<b>636,482</b>	<b>477,764</b>	<b>9,337,351</b>
<b>Fund Balances</b>					
Nonspendable	21,686			21,025	42,711
Restricted		375,226	21,710,133	2,115,820	24,201,179
Assigned	60,539				60,539
Unassigned	(831,731)			(100,217)	(931,948)
<b>Total Fund Balances</b>	<b>(749,506)</b>	<b>375,226</b>	<b>21,710,133</b>	<b>2,036,628</b>	<b>23,372,481</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,376,386</b>	<b>\$ 1,472,439</b>	<b>\$ 22,346,615</b>	<b>\$ 2,514,392</b>	<b>\$ 32,709,832</b>

See Accompanying Notes to the Basic Financial Statements



**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Building Construction Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Property and Other Local Taxes	\$ 5,447,667	\$ 671,491	\$	\$ 62,742	\$ 6,181,900
Intergovernmental	10,417,714	83,863	3,351,552	1,405,339	15,258,468
Interest	4,306		195,547	11,498	211,351
Increase (Decrease) in Fair Value of Investments			(206,904)		(206,904)
Tuition and Fees	1,528,915				1,528,915
Rent	12,971				12,971
Extracurricular Activities	114,294			135,711	250,005
Customer Sales and Services				209,984	209,984
Miscellaneous	65,764			1,806	67,570
Total Revenues	<u>17,591,631</u>	<u>755,354</u>	<u>3,340,195</u>	<u>1,827,080</u>	<u>23,514,260</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular	10,284,510			153,898	10,438,408
Special	1,363,467			542,454	1,905,921
Vocational	8,126			10	8,136
Student Intervention Services	11,490				11,490
Support Services:					
Pupils	461,246			(1,076)	460,170
Instructional Staff	599,610			71,360	670,970
Board of Education	27,595				27,595
Administration	1,399,664			29	1,399,693
Fiscal	436,464	14,448		1,386	452,298
Central	1,414,146		97,314		1,511,460
Operation and Maintenance of Plant	1,238,296				1,238,296
Pupil Transportation	70,561				70,561
Operation of Non-Instructional Services				822,213	822,213
Extracurricular Activities	383,120			140,979	524,099
Capital Outlay			1,373,483		1,373,483
Debt Service:					
Principal	74,059	13,712			87,771
Interest	10,552	549,884			560,436
Issuance Costs		240,347			240,347
Total Expenditures	<u>17,782,906</u>	<u>818,391</u>	<u>1,470,797</u>	<u>1,731,253</u>	<u>21,803,347</u>
Excess of Revenues Over (Under) Expenditures	<u>(191,275)</u>	<u>(63,037)</u>	<u>1,869,398</u>	<u>95,827</u>	<u>1,710,913</u>
<b>OTHER FINANCING SOURCES AND USES:</b>					
Transfers In				6,000	6,000
General Obligation Bonds Issued		(11,048)	19,840,735	1,668,927	21,498,614
Premium on Bonds and Notes Issued		449,311			449,311
Insurance Recoveries	1,977				1,977
Transfers Out	(6,000)				(6,000)
Total Other Financing Sources and Uses	<u>(4,023)</u>	<u>438,263</u>	<u>19,840,735</u>	<u>1,674,927</u>	<u>21,949,902</u>
Net Change in Fund Balances	<u>(195,298)</u>	<u>375,226</u>	<u>21,710,133</u>	<u>1,770,754</u>	<u>23,660,815</u>
Fund Balance (Deficit) at Beginning of Year	<u>(554,208)</u>			<u>265,874</u>	<u>(288,334)</u>
Fund Balance (Deficit) at End of Year	<u>\$ (749,506)</u>	<u>\$ 375,226</u>	<u>\$ 21,710,133</u>	<u>\$ 2,036,628</u>	<u>\$ 23,372,481</u>

See Accompanying Notes to the Basic Financial Statements

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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

Net Change in Fund Balances - Total Governmental Funds \$ 23,660,815

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.

Capital Asset Additions	1,465,648	
Depreciation	<u>(276,618)</u>	
		1,189,030

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net position and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.

Gain (Loss) on Disposal of Capital Assets		(658)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Intergovernmental	6,471	
Delinquent Property Taxes	<u>34,169</u>	
		40,640

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of net position		87,771
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Proceeds from bond issue		(21,498,614)
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Premium on bonds and notes issued		(449,311)
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Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Compensated Absences Payable	<u>275,560</u>	
		<u>275,560</u>

Change in Net Position of Governmental Activities		\$ <u><u>3,305,233</u></u>
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See Accompanying Notes to the Basic Financial Statements

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**Statement of Revenues, Expenditures and Changes In Fund Balance  
Budget (Non-GAAP Basis) and Actual  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 5,970,300	\$ 5,404,634	\$ 5,404,634	\$ -
Intergovernmental	11,625,570	10,417,714	10,417,714	-
Interest		4,306	4,306	-
Tuition and Fees		1,479,944	1,479,944	-
Rent		13,076	13,076	-
Extracurricular		30,766	30,766	-
Miscellaneous		5,957	5,957	-
Total Revenues	<u>17,595,870</u>	<u>17,356,397</u>	<u>17,356,397</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	9,776,912	10,214,380	10,214,356	24
Special	1,228,193	1,387,496	1,387,496	-
Vocational	5,000	8,983	8,983	-
Student Intervention Services	14,538	11,528	11,528	-
Support Services:				
Pupils	580,758	451,086	451,086	-
Instructional Staff	635,960	606,664	606,664	-
Board of Education	33,878	27,551	27,551	-
Administration	1,450,015	1,422,792	1,422,792	-
Fiscal	426,862	441,022	441,022	-
Operation and Maintenance of Plant	1,288,617	1,423,357	1,423,358	(1)
Pupil Transportation	1,340,882	1,351,633	1,351,633	-
Central	69,651	71,159	71,159	-
Extracurricular Activities	249,942	262,345	262,345	-
Total Expenditures	<u>17,101,208</u>	<u>17,679,996</u>	<u>17,679,973</u>	<u>23</u>
Excess of Revenues Over (Under) Expenditures	<u>494,662</u>	<u>(323,599)</u>	<u>(323,576)</u>	<u>23</u>
Other Financing Sources and Uses:				
Insurance Proceeds		1,977	1,977	-
Refund of Prior Year Expenditures		11,272	11,272	-
Transfers Out	(15,000)	(8,338)	(8,338)	-
Advances Out		(10,968)	(10,968)	-
Refund of Prior Receipt	(500)	(198)	(198)	-
Total Other Financing Sources and Uses	<u>(15,500)</u>	<u>(6,255)</u>	<u>(6,255)</u>	<u>-</u>
Net Change in Fund Balances	479,162	(329,854)	(329,831)	23
Fund Balance (Deficit) at Beginning of Year	912,680	912,680	912,680	-
Prior Year Encumbrances Appropriated	37,781	37,781	37,781	-
Fund Balance (Deficit) at End of Year	<u>\$ 1,429,623</u>	<u>\$ 620,607</u>	<u>\$ 620,630</u>	<u>\$ 23</u>

See Accompanying Notes to the Basic Financial Statements

BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY

Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013

	<u>Agency Fund</u>
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>70,482</u>
Total Assets	<u>70,482</u>
<b>Liabilities</b>	
Current Liabilities:	
Due to Students	<u>70,482</u>
Total Liabilities	<u>\$ 70,482</u>

See Accompanying Notes to the Basic Financial Statements

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**1. DESCRIPTION OF THE SCHOOL DISTRICT**

The Beaver Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally elected, five-member Board of Education and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities staffed by 84 non-certified and 138 certified full-time teaching personnel who provide services to 1,973 students and other community members.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the 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. Following are the more significant of the District's accounting policies.

**A. Financial Reporting Entity**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Management has determined the District has no component units.

The following entities that perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District:

**COLUMBIANA COUNTY EDUCATIONAL SERVICE CENTER**

The County Educational Service Center Board of Education is a separate body politic and corporate. A County Educational Service Center Board of Education is elected independent of any school district relationships, and administers the provision of traditional county board services. The County Educational Service Center Board of Education provides curriculum consulting services, special education services, and other services to the county schools. The County Educational Service Center Board of Education acts as the budgeting authority for its services.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Financial Reporting Entity (Continued)**

**ST. CLAIR TOWNSHIP**

The St. Clair Township is a separate body politic and corporate. A clerk and Board of Trustees are elected independent of any school district relationships, and administer the provision of traditional township services. The Board of Trustees acts as the taxing and budgeting authority for these township services.

**MADISON TOWNSHIP**

The Madison Township is a separate body politic and corporate. A clerk and Board of Trustees are elected independent of any school district relationships, and administer the provision of traditional township services. The Board of Trustees acts as the taxing and budgeting authority for these township services.

**ELKRUN TOWNSHIP**

The Elkrun Township is a separate body politic and corporate. A clerk and Board of Trustees are elected independent of any school district relationships, and administer the provision of traditional township services. The Board of Trustees acts as the taxing and budgeting authority for these township services.

**MIDDLETON TOWNSHIP**

The Middleton Township is a separate body politic and corporate. A clerk and Board of Trustees are elected independent of any school district relationships, and administer the provision of traditional township services. The Board of Trustees acts as the taxing and budgeting authority for these township services.

**BEAVER LOCAL EDUCATION ASSOCIATION**

The Beaver Local Education Association (BLEA) is a separate body politic and corporate. The BLEA is affiliated with the Ohio Education Association. A Board of Officers is elected independent of any school district relationships, and administers the provision of an association. The BLEA acts as its budgeting authority for these services.

**OHIO ASSOCIATION OF PUBLIC SCHOOL EMPLOYEES CHAPTER #564**

The Ohio Association of Public School Employees Chapter #564 (OAPSE) is a separate body politic and corporate. The OAPSE is affiliated with AFSCME, AFL-CIO. A Board of Officers is elected independent of any school district relationships, and administers the provision of an association. The OAPSE acts as its budgeting authority for these services.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Financial Reporting Entity (Continued)**

**OUTSIDE SUPPORT/BOOSTER CLUBS**

The officers act as the budgeting authority for these services. The District is not involved in the budgeting or management, is not responsible for any debt, and has no influence over these organizations:

- Calcutta Mothers Club
- Rogers Parent-Teachers Organization
- West Point School Association
- Beaver Local Track Booster Club
- Beaver Touchdown Booster Club
- Lady Beaver Hoop Club
- Big Team Basketball Club
- Marine Corps Junior Reserve Officer Training Corps Booster Club
- Beaver Local Music Boosters
- Beaver Local High School Junior Parents Club
- Cheertime Boosters

The District is associated with two organizations, which are defined as jointly governed organizations. These organizations are presented in Note 9 to the basic financial statements. These organizations are:

- Columbiana County Career Center
- Area Cooperative Computerized Education Service System (ACCESS)

The District is also associated with an insurance purchasing pool – the Ohio Association of School Business Official Workers' Compensation Group Rating Program. It is presented in Note 8.

**Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Financial Reporting Entity (Continued)**

**Fund Financial Statements**

During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

**Governmental Funds**

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund - The Bond Retirement Fund is used to account for property tax revenues to pay the principal and related interest on the school improvement bonds.

Building Construction Fund - The Building Construction Fund is used to account for revenues and expenditures related to the construction of new school buildings.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

**Proprietary Fund**

The Proprietary Fund focuses on the determination of the changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no enterprise fund or internal service funds.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: trust and agency funds. Trust funds are used to account for assets by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's Agency funds account for student-managed activities.

**C. Measurement Focus**

**Government-wide Financial Statements** - The statements of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

**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 and deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus (Continued)**

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

**D. Basis of Accounting**

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

**Deferred Inflows of Resources and Deferred Outflows of Resources**

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as a deferred inflow. Grants not received within the available period, and grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as a deferred inflow in the governmental funds.

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

**Expenditures/Expenses**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred inflows.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on long term debt which is reported only when due, and the costs of accumulated unpaid vacation and sick leave, which are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by the employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax budget, the Certificate of Estimated Resources, and the Appropriations Resolution, all of 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 and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Tax Budget**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Columbiana County Budget Commission for rate determination.

**Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. Prior to year-end, the District requested and received an amended certificate of estimated resources that reflects actual revenue for the fiscal year. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2013.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgetary Process (Continued)**

**Appropriations**

Upon receipt from the County Auditor of an amended Certificate of Estimated Resources on final assessed values and tax rate or a certificate saying no new certificate is necessary, the annual Appropriation Resolution must be legally enacted by the Board of Education at the fund level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, may be modified during the year. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

**Encumbrances**

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the legal level of control.

On the fund financial statements, encumbrances outstanding at year-end are reported as restricted, committed, or assigned fund balance for subsequent-year expenditures for governmental funds.

**Lapsing of Appropriations**

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**F. Cash and Cash Equivalents and Investments**

To improve cash management, all cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. During fiscal year 2013, investments were limited to overnight repurchase agreements, federal securities, and the State Treasurer's Investment Pool.

Nonparticipating investment contracts such as overnight repurchase agreements are reported at cost.

**BEAVER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Cash and Cash Equivalents and Investments (Continued)**

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2013.

As authorized by Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest was distributed to the General Fund and the Food Service Fund. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$4,306.

For presentation of the financial statements, investments of the cash management pool at the time they are purchased by the District are considered to be investments.

**G. Inventory**

On the government-wide financial statements and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed/expensed when used.

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Capital assets are recorded at their fair market values as of the date received. The District's maintains a capitalization threshold of one thousand dollars. The 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 capitalized.

All reported capital assets, other than land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Building Improvements	30 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 15 years

**BEAVER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. 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. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: extracurricular activities, entitlements, tuition, and student fees.

**J. Interfund Balances**

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

**K. Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16 "Accounting for Compensated Absences." Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' right to receive compensation is attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

**BEAVER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Compensated Absences (Continued)**

Further, sick leave and other similar compensated absences are those that are contingent on a specific event that is outside the control of the employer and employee. The District has accrued a liability for these compensated absences using the vested method. The liability for severance payments is based upon the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive severance termination payments, as well as those employees who are currently eligible to receive severance termination payments, as well as those employees, who have at least 10 years of service at 50 years of age or older and 20 years of service at any age.

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

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

**M. Interfund Transactions**

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.

**N. Net Position**

Net position represent the difference between assets, deferred outflows, liabilities, and deferred inflows. The net position component "net investments in capital" consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Fund Balance**

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

**Nonspendable** - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

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

**Assigned** - Amounts in the assigned classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

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

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2013.

**BEAVER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**3. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations and changes in fund balances/retained earnings 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 presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as restricted, committed, or assigned fund balance for governmental fund types.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

<b>Net Change in Fund Balance General Fund</b>	
GAAP Basis	(\$195,298)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2012, Received In Cash FY 2013	144,234
Accrued FY 2013, Not Yet Received in Cash	(249,985)
Expenditure Accruals:	
Accrued FY 2012, Paid in Cash FY 2013	(1,684,418)
Accrued FY 2013, Not Yet Paid in Cash	1,688,055
Eliminate Non-General Fund Activity	1,732
Advances Net	839
Encumbrances	(34,990)
Budget Basis	(\$329,831)

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**4. DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board 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 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 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 or Ohio local governments;
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) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

**BEAVER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (CONTINUED)**

At year end, the District had \$25 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,725,848 of the District's bank balance of \$6,975,848 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

Investments

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

<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturing in Less than One year</b>	<b>Maturing in One to Two Years</b>	<b>Maturing in Two to Three Years</b>
Federal Home Loan Bank Notes	\$3,675,650	\$770,778	\$2,904,872	\$-
Federal Home Loan Mortgage Notes	8,075,222	2,844,031	5,231,191	-
Federal National Mortgage Association Notes	7,038,790	901,552	2,811,900	3,325,338
STAR Ohio	10,955	10,955	-	-
<b>Total Investments</b>	<b>\$18,800,617</b>	<b>\$4,527,316</b>	<b>\$10,947,963</b>	<b>\$3,325,338</b>

**Interest Rate Risk** - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

**Credit Risk** - STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Investments in commercial paper are limited to notes rated at the time of purchase to the highest classification established by two nationally recognized standard rating services. The District has no investment policy that would further limit its investment choices.

**BEAVER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (CONTINUED)**

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial 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.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The District's investment in the Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, and Federal National Mortgage Association Notes represent 20 percent, 43 percent, and 37 percent, respectively, of the District's total investments.

**5. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year. Second half distributions occur in a subsequent fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed values listed as of January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. All property is required to be revalued every six years with a triennial update (triennial update was in 2007). The public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property taxes at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of current year. Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which the fiscal year 2013 taxes were collected are:

<u>Category</u>	<u>2012 Second-Half Collections</u>		<u>2013 First-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Property Valuation:				
Agricultural/Residential	\$192,333,590	79%	\$192,601,250	79%
Commercial/Industrial	38,221,410	16%	37,889,600	16%
Public Utilities Personal	11,304,830	5%	12,342,120	5%
Total Valuation	<u>\$241,859,830</u>	<u>100%</u>	<u>\$242,832,970</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$30.90		\$36.62	

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 earlier or later payment dates to be established.

Tangible personal property taxes paid 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.

**BEAVER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**5. PROPERTY TAXES (Continued)**

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2013 are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent. Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2013. Although total property tax collections for the next fiscal year are measurable, the entire amount measurable is not intended to finance current year operation. The receivable is therefore offset by a credit to deferred inflows.

**6. RECEIVABLES**

Receivables at June 30, 2013, consisted of taxes, accounts (tuition and fee), 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 year guarantee of federal funds.

A summary of the principal items of receivables follows:

	<u>Amount</u>
Governmental Activities	
Taxes	\$7,863,013
Accounts	53,963
Intergovernmental	<u>195,825</u>
Total Receivables	<u><u>\$8,112,801</u></u>

**BEAVER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**7. CAPITAL ASSETS**

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

	<u>Balance at 07/01/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 06/30/2013</u>
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$496,847			\$496,847
Construction in Progress		\$1,457,538		1,457,538
Total Nondepreciable Capital Assets	<u>496,847</u>	<u>1,457,538</u>		<u>1,954,385</u>
Depreciable Capital Assets				
Buildings/Improvements	4,655,086			4,655,086
Furniture and Equipment	2,256,452	4,510	\$26,209	2,234,753
Vehicles	1,784,479	3,600	19,320	1,768,759
Total Depreciable Capital Assets	<u>8,696,017</u>	<u>8,110</u>	<u>45,529</u>	<u>8,658,598</u>
Less Accumulated Depreciation				
Buildings/Improvements	2,021,327	113,885		2,135,212
Furniture and Equipment	2,046,217	51,553	25,551	2,072,219
Vehicles	968,704	111,180	19,320	1,060,564
Total Accumulated Depreciation	<u>5,036,248</u>	<u>276,618</u>	<u>44,871</u>	<u>5,267,995</u>
Depreciable Capital Assets, Net	<u>3,659,769</u>	<u>(268,508)</u>	<u>658</u>	<u>3,390,603</u>
Governmental Activities Capital Assets, Net	<u>\$4,156,616</u>	<u>\$1,890,030</u>	<u>\$658</u>	<u>\$5,344,988</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$45,014
Special	2,833
Support Services:	
Pupil	1,535
Instructional Staff	374
Administration	9,855
Fiscal	381
Operation and Maintenance of Plant	89,138
Pupil Transportation	109,309
Operation of Non-Instructional Services	2,697
Extracurricular	15,482
Total Depreciation Expense	<u>\$276,618</u>

**BEAVER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. During fiscal year 2013, the District had a \$500 deductible per occurrence. The Ohio Casualty Insurance Company provides liability insurance with a \$5,000,000 aggregate limit.

Ohio Casualty Insurance Company with a \$500 deductible also provides fleet insurance collision coverage and a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

A \$20,000 performance bond is maintained for the Treasurer, Superintendent and Board President through the Harcutt-Hyre Insurance Agency.

For fiscal year 2013, the District participated in the Ohio Association of School Business Official (OASBO) Workers' Compensation Group Rating Program (GRP), and insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The Workers' Compensation experience of the participating school districts is 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**9. JOINTLY GOVERNED ORGANIZATIONS**

Area Cooperative Computerized Education Service System (ACCESS) is a jointly governed organization among Mahoning County Educational Service Center, Columbiana Educational Service Center, Austintown Local School District, Boardman Local School District, East Liverpool City School District, Salem City School District, West Branch Local School District, Beaver Local School District, Poland Local School District, Canfield Local School District, Struthers City School District, Campbell City School District, United Local School District, Springfield Local School District, Jackson-Milton Local School District, South Range Local School District, Columbiana Local School District, Leetonia Exempted Village School District, Sebring Local School District, Western Reserve Local School District, Mahoning County Career & Technical Center, Lowellville Local School District, and Columbiana County Career Center.

The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The seven-member board of governors consists of the two superintendents and one Treasurer from each county (Columbiana and Mahoning). The degree of control exercised by any participating school district is limited to its representation on the board. Mahoning County Educational Service Center is the fiscal agent for ACCESS. The assembly exercises total control over the operation of the consortium including budgeting, appropriating, contracting, and designating management. All the consortium revenues are generated from charges for services and State funding. Financial information can be obtained by writing to: Mahoning County Educational Service Center, Treasurer's Office, 100 DeBartolo Place, Suite 104, Youngstown, Ohio 44512-7019.

**BEAVER LOCAL SCHOOL DISTRICT  
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(Continued)**

**9. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

The Columbiana County Career Center is a jointly governed organization to provide for the vocational and special education needs of the students of eight participating school districts. The Board of Education members are appointed by the local boards of education from one of its elected members. The Career Center Board of Education exercises total control over the operations, including budgeting, appropriating, contracting, and designating management. All revenues are generated from tax levies, State funding, and fees. Financial information can be obtained by writing to: Columbiana County Career Center, Treasurer's Office, 9364 State Route 45, Lisbon Ohio 44432.

**10. DEFINED PENSION BENEFIT PLANS**

**A. School Employees Retirement System**

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

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$354,349, \$340,747, and \$333,398, respectively, 51 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System**

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

**BEAVER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**10. DEFINED PENSION BENEFIT PLANS (CONTINUED)**

**B. State Teachers Retirement System (Continued)**

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

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

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2013, were 10 percent of annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to STRS Ohio for pension obligations for the fiscal years ended June 30, 2013, 2012, and 2011 were \$1,078,388, \$965,485 and \$1,075,900, respectively; 80 percent has been contributed for fiscal years 2013 and 100 percent for the fiscal years 2012 and 2011.

**11. POSTEMPLOYMENT BENEFITS**

**A. State Teachers Retirement System**

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

**BEAVER LOCAL SCHOOL DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**11. POSTEMPLOYMENT BENEFITS (Continued)**

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$77,028, \$68,963, and \$76,850 respectively. For fiscal year 2013, 80 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**B. School Employees Retirement System**

Plan Description – The District participates in two cost-sharing multiple-employer defined benefit other postemployment 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, Medicare Advantage, 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525.

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 District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$4,050, \$13,386, and \$13,098, respectively. For fiscal year 2013, 51 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011, were \$18,730, \$18,254, and \$17,686 respectively. For fiscal year 2013, 51 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**12. OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Administrators, supervisors and classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators do not earn vacation time, with the exception of the Superintendent and Treasurer.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of ninety days for certified employees and if attendance goal is achieved, up to 15 additional days, one hundred days for administrative/confidential employees, and one hundred days for classified employees. An employee receiving such payment must meet the retirement provisions set by STRS Ohio or SERS.

**Certified Attendance Goal**

- A. For the duration of this contract, when an employee retires, under regulations adopted by the Ohio Teachers' Retirement System, he/she shall be paid severance pay as follows for the remaining sick leave days they have accumulated: a severance payment amounting to a maximum of 90 days severance payable over two years with proper documentation of such retirement from STRS.

If the retiree uses equal to or less than average of ten (10) sick days per year for the final three (3) years, a bonus of seven (7) severance days will be added to the severance package. OR

If the retiree uses equal to or less than average of five (5) sick days per year for the final three (3) years, a bonus of fifteen (15) severance days will be added to the severance package.

**Life and Medical Insurance**

The District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$50,000 per certificated, administration and confidential employees, and classified employees. Life insurance is provided through the Sun Life insurance Company.

The District has contracted with Ohio School Benefits Cooperative to provide employee medical/surgical benefits under a fully insured plan. The District pays medical/surgical and prescription premiums of \$1,136.46 for family coverage and \$489.71 for single coverage per employee per month. The prescription plan includes a \$10.00 charge for brand name prescriptions, \$15 for non-formulary brand prescriptions, and \$5.00 for generic.

Dental insurance is also provided by Ohio School Benefits Cooperative. Premiums for dental coverage are \$26.69 for single coverage and \$70.00 for family coverage per employee per month.

The Vision Service Plan provides vision insurance. Premiums for vision coverage are \$8.59 for single coverage and \$19.44 for family coverage per employee per month.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**13. LONG-TERM OBLIGATIONS**

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

<b>Governmental Activities</b>	<b>Balance at 6/30/12</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at 6/30/13</b>	<b>Due Within One Year</b>
OWDA Loan Payable	\$141,893		\$13,712	\$128,181	\$13,988
General Obligation Bonds, Series 2012					
Current Interest Bonds		\$13,120,000		13,120,000	470,000
Term Bonds		8,350,000		8,350,000	
Capital Appreciation Bonds		28,614		28,614	
Unamortized Bond Premium		449,311		449,311	
Compensated Absences	1,130,290		275,560	854,730	31,256
Capital Leases Payable	232,416		74,059	158,357	77,421
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$1,504,599</b>	<b>\$21,947,925</b>	<b>\$363,331</b>	<b>\$23,089,193</b>	<b>\$592,665</b>

The OWDA loan will be paid from the Debt Service Fund. Capital leases will be paid from the General Fund (buses). Compensated absences will be paid from the fund from which the person is paid.

**OWDA Loan** - On April 25, 2002, the District entered into a loan agreement with OWDA for the purpose of paying for water tap fees. The amount financed was \$270,618 at an interest rate of 2 percent. The loan is being paid through the District's bond retirement fund.

**School Facilities Bonds, Series 2012** – On August 8, 2012, the District issued current interest bonds, term bonds, and capital appreciation bonds for the purpose of constructing school facilities (in particular a new high school) under the Ohio School Facilities Commission Classroom Facilities Assistance Program; renovating, improving, and constructing additions to existing school facilities, including improvements to school technology; furnishing and equipping the same and landscaping and improving the sites thereof. The bonds will be repaid from the Bond Retirement Debt Service Fund from a levy approved by the voters of the District at a election held on March 6, 2012.

The current interest bonds shall bear interest at the rates per year and will mature in the principal amounts and on December 1 in the years as follows:

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FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**13. LONG-TERM OBLIGATIONS (Continued)**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2013	\$470,000	1.750%
2014	475,000	1.875%
2015	485,000	2.000%
2016	565,000	2.000%
2017	575,000	1.750%
2018	585,000	1.750%
2019	480,000	1.750%
2020	355,000	2.000%
2020	250,000	3.000%
2021	365,000	2.000%
2021	250,000	3.000%
2022	630,000	4.000%
2023	655,000	2.750%
2024	675,000	3.000%
2025	695,000	4.000%
2026	725,000	4.000%
2027	750,000	3.000%
2028	775,000	3.000%
2029	340,000	3.125%
2029	460,000	4.000%
2030	825,000	3.150%
2031	855,000	3.250%
2032	880,000	3.250%

The term bonds which mature on December 1, 2034, have an interest rate of 3.5 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2033	\$910,000
2034	940,000

The term bonds which mature on December 1, 2040, have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption and payable pursuant Mandatory Sinking Fund Redemption Requirements in principal amounts on the Principal Payment Dates (each a Mandatory Redemption Date) as follows:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**13. LONG-TERM OBLIGATIONS (Continued)**

Year	Principal Amount to be Redeemed
2035	\$980,000
2036	1,020,000
2037	1,060,000
2038	1,105,000
2039	1,145,000
2040	1,190,000

The capital appreciation bonds were issued in the aggregate original principal amount of \$28,614 and mature on December 1 in the year, have the original principal amounts and mature with the accreted values at maturity, as follows:

Maturity Date	Original Principal Amount	Accreted Value at Maturity
2019	\$28,614	\$115,000

The scheduled payments of principal and interest on the OWDA Loan at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$13,988	\$2,496	\$16,484
2015	14,269	2,214	16,483
2016	14,556	1,928	16,484
2017	14,849	1,635	16,484
2018	15,147	1,337	16,484
2019-2023	55,372	2,321	57,693
Total	\$128,181	\$11,931	\$140,112

The scheduled payments of principal and interest on the current, term, and capital appreciation bonds outstanding at June 30, 2013 are as follows:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**13. LONG-TERM OBLIGATIONS (Continued)**

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$470,000	\$694,281	\$1,164,281
2015	475,000	685,716	1,160,716
2016	485,000	676,412	1,161,412
2017	565,000	665,913	1,230,913
2018	575,000	655,231	1,230,231
2019-2023	2,943,614	3,104,231	6,047,845
2024-2028	3,500,000	2,608,631	6,108,631
2029-2033	4,135,000	1,969,838	6,104,838
2034-2038	4,910,000	1,184,875	6,094,875
2039-2041	3,440,000	209,800	3,649,800
Total	<u>\$21,498,614</u>	<u>\$12,454,928</u>	<u>\$33,953,542</u>

The District's overall legal debt margin was (\$92,959) with an unvoted debt margin of \$242,833 at June 30, 2013.

**14. CAPITALIZED LEASES – LESSEE DISCLOSURE**

During a prior fiscal year, the District has entered into lease agreements as a lessee for financing the acquisition of certain capital assets (buses) which was accounted for on a cash basis as an expenditure with an offset amount reported as an other financing source. These leases meet the criteria of a capital lease as defined by Financial Accounting Standards Board (FASB) Statement No. 13, "Accounting for Leases," which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. The assets acquired under the lease agreements have been capitalized in the statement of net position in an amount equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability is recorded in the government-wide financial statements.

The following is a schedule of the future minimum lease payments and the present value of the minimum lease payments as of June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>General Long-Term Obligations</u>
2014	\$84,610
2015	84,611
Total Future Minimum Lease Payments	169,221
Less: Amount Representing Interest	(10,864)
Present Value of Future Minimum Lease Payments	<u>\$158,357</u>

**BEAVER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**15. INTERFUND TRANSACTIONS**

Interfund loans receivable/payable consisted of the following at June 30, 2013, as reported on the fund statement:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Nonmajor Governmental Funds	\$52,603

**16. CONTINGENCIES**

**A. Grants**

The District receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2013.

**B. Litigation**

The District is a defendant in lawsuit with Team 8e Architecture, LLC. The plaintiff claims that the District violated state law by not following competitive bidding laws for the construction project. The lawsuit is still in process of litigation and the outcome to the District cannot be determined at this time.

**17. STATUTORY RESERVES**

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at 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 year-end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	<b>Capital Improvements</b>
Set-aside Cash Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	\$336,361
Qualifying Expenditures During the Fiscal Year	(386,452)
Total	(50,091)
Balance of the Set Aside Carried Forward to The Next Fiscal Year Total	\$0

**BEAVER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**18. ACCOUNTABILITY AND COMPLIANCE**

**A. Deficit Fund Balances**

Fund balances at June 30, 2013 included the following individual fund deficits:

	<u>Deficit</u>
Major Fund	
General	\$749,506
Nonmajor Funds	
Food Service	11,641
Jobs Education	3,700
Title VI-B	36,392
Title II-A	27,459

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances in the funds result from adjustments for accrued liabilities.

**19. FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Building Construction</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Nonspendable for:					
Materials and Supplies	\$21,686			\$21,025	\$42,711
Total Nonspendable	21,686			21,025	42,711
Restricted for:					
Regular Instruction				26,588	26,588
Special Instruction				11,731	11,731
Athletics Facilities				17,849	17,849
Maintenance				69,390	69,390
Debt Retirement		\$375,226			375,226
Permanent Improvement				309,844	309,844
Building Construction			\$21,710,133	1,680,418	23,390,551
Total Restricted		375,226	21,710,133	2,115,820	24,201,179
Assigned for:					
Rotary	4,652				4,652
Principal Funds	32,860				32,860
Encumbrances	23,027				23,027
Total Assigned	60,539				60,539
Unassigned	(831,731)			(100,217)	(931,948)
Total Fund Balance	(\$749,506)	\$375,226	\$21,710,133	\$2,036,628	\$23,372,481

**20. CHANGE IN ACCOUNTING PRINCIPLE**

For 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**20. CHANGE IN ACCOUNTING PRINCIPLE (Continued)**

GASB Statement No. 63 provides financial and reporting guidance for deferred outflows of resources and deferred inflows of resources which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

**21. CONTRACTUAL COMMITMENTS**

As of June 30, 2013, the District had the following contractual purchase commitments:

<b>Company</b>	<b>Amount Remaining</b>
Olsavsky Jaminet Architects, Inc.	\$594,747
PSI	24,227
EA Group	35,670
AA Blueprint	3,431
Hammond Construction	4,168,199
Project Management Consultants	3,500
Total	<u>\$4,829,774</u>

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**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Year</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<b>Passed Through Ohio Department of Education</b>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	10.555	2013		\$ 46,078		\$ 46,078
Cash Assistance:						
School Breakfast Program	10.553	2013	\$ 166,533		\$ 166,533	
National School Lunch Program	10.555	2013	367,339		367,339	
Total U.S. Department of Agriculture			<b>533,872</b>	<b>46,078</b>	<b>533,872</b>	<b>46,078</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<b>Passed Through Ohio Department of Education</b>						
Title I Grants to Local Educational Agencies:						
Title I Grants to Local Educational Agencies	84.010	2013	333,545		353,396	
Title I D	84.010	2013	27,139		29,164	
Total Title I Grants to Local Educational Agencies			<b>360,684</b>		<b>382,560</b>	
Special Education - Grants to States	84.027	2013	295,381		260,321	
ARRA - Special Education - Grants to States	84.391	2012	-		1,692	
ARRA - Race to the Top	84.395	2012	1,400		-	
Improving Teacher Quality State Grants:						
Improving Teacher Quality State Grants	84.367	2012	3,950		3,950	
		2013	103,499		103,394	
Total Improving Teacher Quality State Grants			<b>107,449</b>		<b>107,344</b>	
Education Jobs Fund	84.410	2011	134,169		134,169	
<b>Total Department of Education</b>			<b>\$ 899,083</b>	<b>\$ -</b>	<b>\$ 886,086</b>	<b>\$ -</b>
<b>Total</b>			<b>\$ 1,432,955</b>	<b>\$ 46,078</b>	<b>\$ 1,419,958</b>	<b>\$ 46,078</b>

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

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

Beaver Local School District  
Columbiana County  
13093 State Route 7  
Lisbon, Ohio 44432

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beaver Local School District, Columbiana County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 14, 2014, wherein we noted the District adopted the provisions of Governmental Accounting Standard Board Statements No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" and No. 65, "*Items Previously Reported as Assets and Liabilities*".

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

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

February 14, 2014



# Dave Yost • Auditor of State

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

Beaver Local School District  
Columbiana County  
13093 State Route 7  
Lisbon, Ohio 44432

To the Board of Education:

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

February 14, 2014

**BEAVER LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster (CFDA #10.553, 10.555) Improving Teacher Quality (CFDA #84.367)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

None

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# Dave Yost • Auditor of State

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

Beaver Local School District  
Columbiana County  
13093 State Route 7  
Lisbon, Ohio 44432

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on December 13, 2010 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

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

**Dave Yost**  
Auditor of State

February 14, 2014

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# Dave Yost • Auditor of State

**BEAVER LOCAL SCHOOL DISTRICT**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 25, 2014**