



Mary Taylor, CPA
Auditor of State

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets	11
Statement of Activities.....	12
Balance Sheet - Governmental Funds.....	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) - General Fund.....	17
Statement of Fund Net Assets – Internal Service Fund.....	18
Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Fund	19
Statement of Cash Flows – Internal Service Fund	20
Statement of Fiduciary Assets and Liabilities – Agency Fund.....	21
Notes to the Basic Financial Statements	23
Schedule of Federal Awards Expenditures.....	52
Notes to the Schedule of Federal Awards Expenditures	53
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	55
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	57
Schedule of Findings.....	59
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	61

THIS PAGE INTENTIONALLY LEFT BLANK.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Columbiana Exempted Village School District, Columbiana County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Columbiana Exempted Village School District, Columbiana County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

June 28, 2010

Columbiana Exempted Village School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited*

The discussion and analysis of Columbiana Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- ❖ The School District is committed to meeting the academic needs of our students by providing them with updated instructional materials to compete in a global environment. During fiscal year 2009, the School District implemented Balanced Literacy and Investigations Math programs.
- ❖ The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District. Expenses increased 4.6 percent during fiscal year 2009 mainly due to contracted pay increases.
- ❖ On November 4, 2009, the voters rejected a \$13,325,000 bond issue for 28 years for the new construction, improvements, renovations, additions and modernization of the School District facilities. The School District has decided to make improvements to the elementary school using dollars available for capital improvements.
- ❖ Technology is integrated into the curriculum at all grade levels. The School District is committed to a learning community where technology will:
 - Enhance student learning and independence,
 - Facilitate learning in an environment where students active participants,
 - Improve the administration of the School District,
 - Be utilized by the professional staff effectively,
 - Be utilized across the curriculum, and
 - Enable students to appreciate the role of technology beyond the school environment.

Using this Annual Financial Report

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

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

Columbiana Exempted Village School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2009?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include all *assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

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

The School District as a Whole

You may recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2009 compared to 2008:

Table 1
Net Assets

	2009	2008	Change
Assets:			
Current and Other Assets	\$9,707,862	\$9,335,661	\$372,201
Capital Assets, Net	7,875,927	8,073,142	(197,215)
<i>Total Assets</i>	<u>17,583,789</u>	<u>17,408,803</u>	<u>174,986</u>
Liabilities:			
Current and Other Liabilities	5,051,290	5,165,569	(114,279)
Long-term Liabilities			
Due within One Year	662,102	637,467	24,635
Due in More than One Year	9,684,943	10,129,988	(445,045)
<i>Total Liabilities</i>	<u>15,398,335</u>	<u>15,933,024</u>	<u>(534,689)</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	472,382	228,329	244,053
Restricted:			
Capital Projects	591,536	419,865	171,671
Other Purposes	87,883	31,135	56,748
Unrestricted	1,033,653	796,450	237,203
<i>Total Net Assets</i>	<u>\$2,185,454</u>	<u>\$1,475,779</u>	<u>\$709,675</u>

By comparing assets and liabilities, one can see the overall financial position of the School District has increased as evidenced by the increase in net assets. Management is ever cognizant of the costs of providing a quality education.

Table 2 shows the change in net assets for fiscal year 2009. A comparative analysis of government-wide data is presented.

Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

Table 2
Change in Net Assets

	2009	2008	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services and Sales	\$1,425,430	\$1,176,161	\$249,269
Operating Grants, Contributions and Interest	1,289,537	826,866	462,671
Capital Grants and Contributions	154,226	126,272	27,954
<i>Total Program Revenues</i>	<u>2,869,193</u>	<u>2,129,299</u>	<u>739,894</u>
<i>General Revenues</i>			
Property Taxes	3,974,983	4,019,919	(44,936)
Municipal Income Taxes	1,467,354	1,552,857	(85,503)
Grants and Entitlements	2,674,860	2,758,672	(83,812)
Investment Earnings	191,237	187,367	3,870
Gain on Sale of Capital Assets	0	2,035	(2,035)
Miscellaneous	14,786	13,137	1,649
<i>Total General Revenues</i>	<u>8,323,220</u>	<u>8,533,987</u>	<u>(210,767)</u>
Total Revenues	<u>11,192,413</u>	<u>10,663,286</u>	<u>529,127</u>
Program Expenses			
Instruction	6,705,634	6,218,244	487,390
Support Services:			
Pupil and Instructional Staff	500,344	420,899	79,445
Board of Education, Administration and Fiscal	1,134,559	1,117,047	17,512
Operation and Maintenance of Plant	730,067	706,011	24,056
Pupil Transportation	296,060	325,702	(29,642)
Food Service Operations	329,146	310,585	18,561
Extracurricular Activities	296,575	411,709	(115,134)
Interest and Fiscal Charges	490,353	514,454	(24,101)
Total Program Expenses	<u>10,482,738</u>	<u>10,024,651</u>	<u>458,087</u>
Increase in Net Assets	709,675	638,635	71,040
<i>Net Assets Beginning of Year</i>	<u>1,475,779</u>	<u>837,144</u>	<u>638,635</u>
<i>Net Assets End of Year</i>	<u>\$2,185,454</u>	<u>\$1,475,779</u>	<u>\$709,675</u>

The School District is at the 20 mill floor for property taxes so it realizes growth in tax revenue after each reappraisal. Also, as new homes are built, the School District will realize growth in both property tax revenue and School District income tax revenue. There are several areas located within the School District that have been approved for residential development. The largest is the Links at Firestone which includes plans for approximately 575 units to be built including homes, villas and condos. The prices of single family homes range from the high \$200,000s to the \$500,000s and villas start in the low \$200,000s. To date, approximately 175 units have been built. Another large development, Old Saybrook, includes plans for approximately 275 units including primarily single family homes and some triplex townhomes. Approximately 50 units have been built to date. The Terra Verde development has included construction of six new homes in the last few years and another 20 lots are available. Although property and income taxes decreased for fiscal year 2009 due to the overall economy, the School District has forecasted an increase in taxes for fiscal year 2010 due to the aforementioned residential developments.

Student intervention services instruction is a new classification of expense for fiscal year 2009 and includes teachers, who were previously paid from the special instruction and instructional staff categories.

Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

The School District is a member of the Portage Area School Consortium. The Consortium is a shared risk pool created pursuant to State statute for the purpose of maximizing benefits and/or reducing costs of health care benefits. To the date Consortium has been an overwhelming success as the School District saw a 19 percent decrease in premiums.

The School District actively seeks grants provided by various foundations to promote academic achievement for students. The School District was awarded a \$100,000 Seniors to Sophomores Grant. Senior to Sophomores is a dual enrollment program enabling academically-qualified high school seniors to earn both high school and college credit concurrently. Participating students enroll in college classes on a University System of Ohio campus and have the opportunity to earn a year's worth of college credit while finishing high school.

The School District was able to monitor food service operation expenses to alleviate the need to raise lunch prices for fiscal year 2009. Beginning in fiscal year 2010, parents have the opportunity to pay for the student's lunch online. Each student uses his/her personal identification number, that accesses his/her account, when visiting the cafeteria.

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

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

Table 3
Cost of Services

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Instruction	\$6,705,634	(\$5,036,956)	\$6,218,244	(\$4,993,836)
Support Services:				
Pupil and Instructional Staff	500,344	(355,510)	420,899	(356,859)
Board of Education, Administration and Fiscal	1,134,559	(922,913)	1,117,047	(939,505)
Operation and Maintenance of Plant	730,067	(647,353)	706,011	(634,731)
Pupil Transportation	296,060	(84,088)	325,702	(291,590)
Food Service Operations	329,146	21,647	310,585	(16,788)
Extracurricular Activities	296,575	(98,019)	411,709	(147,589)
Interest and Fiscal Charges	490,353	(490,353)	514,454	(514,454)
<i>Total</i>	<u>\$10,482,738</u>	<u>(\$7,613,545)</u>	<u>\$10,024,651</u>	<u>(\$7,895,352)</u>

Columbiana Exempted Village School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited*

The School District's Funds

These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,169,575 and expenditures of \$10,697,123. Overall expenditures increased in the general fund of the School District due to the increase in special education students as well as contracted salary increases. These increases in expenditures were offset by an increase in State Foundation revenues.

Other governmental funds had an increase in fund balance as the School District continues to maximize grant money to provide students with a dynamic education. As one can see from the Statement of Revenues, Expenditures and the changes in Fund Balances, property and income taxes from the communities that comprise the School District are the largest revenue source, accounting for 49 percent of total revenue.

General Fund Budgeting Highlights

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

During the course of fiscal 2009, the School District amended its general fund budget numerous times, none significant. The School District uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was increased \$426,333 due to conservative property and municipal income taxes estimates. The final budget was \$4,947 less than actual revenues, due in large part to the School District receiving less interest revenues than anticipated. The actual expenditures were \$21,852 under final budget estimates. The general fund's unencumbered ending cash balance totaled \$2,327,356.

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2008 values compared to fiscal year 2009.

Table 4
Capital Assets at June 30

	<u>2009</u>	<u>2008</u>
Land	\$177,777	\$177,777
Buildings and Improvements	7,447,626	7,677,472
Furniture and Equipment	109,925	56,753
Vehicles	<u>140,599</u>	<u>161,140</u>
<i>Total</i>	<u>\$7,875,927</u>	<u>\$8,073,142</u>

The School District purchased several smart boards and computers. SMART boards are fundamentally changing the way teachers teach and children learn. The interactive nature and multiple capabilities make SMART boards an excellent learning median. The School District also purchased new bleachers for the stadium as well as instructional materials for the Math and English programs. These additions were offset

Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

by an additional year of depreciation being taken. The School District continues its ongoing commitment to maintaining and improving its capital assets. More detailed information is presented in Note 11 of the notes to the basic financial statements.

Debt

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

Table 5
Outstanding Debt at Year End

	2009	2008
1999 Certificates of Participation	\$9,113,772	\$9,398,355
2001 Library Improvement Bonds	265,000	385,000
1998 Energy Conversation Note	217,096	259,364
Capital Lease	59,970	68,970
Totals	<u>\$9,655,838</u>	<u>\$10,111,689</u>

At June 30, 2009, the School District's overall legal debt margin was \$16,219,304, with an unvoted debt margin of \$172,552. The debt is well within permissible limits. The School District maintains an A bond rating from Standard and Poors. More detailed information is presented in Note 16 of the notes to the basic financial statements.

Current Financial Related Activities

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

Management must continue to diligently plan expenses, staying carefully within the School District's financial forecast. Additional revenues must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon on the life of the levies. The School District's October 2008 five-year forecast projects the School District being in the black throughout the forecast period, however, expenses are expected to exceed revenues beginning in fiscal year 2011. Plans are already in place to address this through staffing and monitoring of expenses. All of the School Districts' financial abilities will be needed to meet the challenges of the future.

In conclusion, the School District has been designated by the Ohio Department of Education and recognized by the Youngstown-Warren Area Regional Chamber of Commerce as an "Excellent" School District four years in a row.

Columbiana High School has been named a "Blue Ribbon School". The Blue Ribbon Schools Program honors public and private elementary, middle and high schools that are either academically superior or that demonstrate dramatic gains in student achievement to high levels. The High School was honored at a ceremony in Washington D.C. on November 3, 2009, where the School received a play and flag signifying its status.

Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

Contacting the School District's Financial Management

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

Columbiana Exempted Village School District

Statement of Net Assets

June 30, 2009

	Primary Government	Component Unit
	Governmental Activities	Dixon Early Learning Center
Assets		
Equity in Pooled Cash and Cash Equivalents	\$4,391,029	\$8,578
Accounts Receivable	50,366	0
Intergovernmental Receivable	71,798	0
Inventory Held for Resale	3,251	0
Materials and Supplies Inventory	1,218	0
Property Taxes Receivable	4,591,221	0
Income Taxes Receivable	598,979	0
Nondepreciable Capital Assets	177,777	0
Depreciable Capital Assets, Net	7,698,150	39,092
<i>Total Assets</i>	<u>17,583,789</u>	<u>47,670</u>
Liabilities		
Accounts Payable	22,466	0
Accrued Wages and Benefits	807,591	0
Intergovernmental Payable	229,024	0
Accrued Interest Payable	30,595	0
Matured Compensated Absences Payable	21,445	0
Deferred Revenue	3,940,169	0
Long-Term Liabilities:		
Due Within One Year	662,102	0
Due In More Than One Year	9,684,943	0
<i>Total Liabilities</i>	<u>15,398,335</u>	<u>0</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	472,382	39,092
Restricted for:		
Capital Projects	591,536	0
Other Purposes	87,883	0
Unrestricted	1,033,653	8,578
<i>Total Net Assets</i>	<u>\$2,185,454</u>	<u>\$47,670</u>

See accompanying notes to the basic financial statements

Columbiana Exempted Village School District

Statement of Activities

For the Fiscal Year Ended June 30, 2009

	Program Revenues			Primary Government	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit	
Expenses						
Primary Government						
Governmental Activities						
Instruction:						
Regular	\$5,229,677	\$607,878	\$227,835	\$149,023	(\$4,244,941)	\$0
Special	1,406,928	134,922	540,414	0	(731,592)	0
Student Intervention Services	69,029	8,606	0	0	(60,423)	0
Support Services:						
Pupil	374,387	49,442	67,037	0	(257,908)	0
Instructional Staff	125,957	12,326	16,029	0	(97,602)	0
Board of Education	21,079	2,625	0	0	(18,454)	0
Administration	758,418	129,649	25,487	0	(603,282)	0
Fiscal	355,062	40,932	12,953	0	(301,177)	0
Operation and Maintenance of Plant	730,067	82,714	0	0	(647,353)	0
Pupil Transportation	296,060	33,347	173,422	5,203	(84,088)	0
Operation of Non-Instructional Services:						
Food Service Operations	329,146	160,967	189,826	0	21,647	0
Extracurricular Activities	296,575	162,022	36,534	0	(98,019)	0
Interest and Fiscal Charges	490,353	0	0	0	(490,353)	0
Total Primary Government	\$10,482,738	\$1,425,430	\$1,289,537	\$154,226	(7,613,545)	0
Component Unit						
Dixon Early Learning Center	\$377,850	\$11,133	\$414,387	\$0	0	47,670
General Revenues						
Property Taxes Levied for:						
General Purposes				3,133,286		0
Debt Service				808,775		0
Capital Projects				32,922		0
Income Taxes Levied for General Purposes				1,467,354		0
Grants and Entitlements not Restricted to Specific Programs						
				2,674,860		0
Investment Earnings				191,237		0
Miscellaneous				14,786		0
Total General Revenues				8,323,220		0
Change in Net Assets				709,675		47,670
<i>Net Assets Beginning of Year</i>				<u>1,475,779</u>		<u>0</u>
<i>Net Assets End of Year</i>				<u>\$2,185,454</u>		<u>\$47,670</u>

See accompanying notes to the basic financial statements

Columbiana Exempted Village School District

*Balance Sheet
Governmental Funds
June 30, 2009*

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,334,424	\$116,979	\$481,603	\$98,870	\$3,031,876
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	206	1,050,311	0	0	1,050,517
Accounts Receivable	44,141	0	0	6,225	50,366
Intergovernmental Receivable	56,312	2,534	12,952	0	71,798
Inventory Held for Resale	0	0	0	3,251	3,251
Materials and Supplies Inventory	0	0	0	1,218	1,218
Property Taxes Receivable	3,677,032	149,610	764,579	0	4,591,221
Income Taxes Receivable	598,979	0	0	0	598,979
<i>Total Assets</i>	<u>\$6,711,094</u>	<u>\$1,319,434</u>	<u>\$1,259,134</u>	<u>\$109,564</u>	<u>\$9,399,226</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$19,670	\$0	\$0	\$2,796	\$22,466
Accrued Wages and Benefits	798,939	0	0	8,652	807,591
Intergovernmental Payable	218,508	0	0	10,516	229,024
Matured Compensated Absences Payable	21,445	0	0	0	21,445
Deferred Revenue	3,634,741	147,731	754,975	0	4,537,447
<i>Total Liabilities</i>	<u>4,693,303</u>	<u>147,731</u>	<u>754,975</u>	<u>21,964</u>	<u>5,617,973</u>
Fund Balances					
Reserved for Encumbrances	1,275	0	12,327	420	14,022
Reserved for Property Taxes	42,291	1,879	9,604	0	53,774
Reserved for Future Debt Service Payments on the Certificates of Participation	0	1,050,311	0	0	1,050,311
Reserved for Bus Purchases	206	0	0	0	206
Unreserved, Undesignated					
Reported in:					
General Fund	1,974,019	0	0	0	1,974,019
Special Revenue Funds	0	0	0	87,180	87,180
Debt Service Fund	0	119,513	0	0	119,513
Capital Projects Funds	0	0	482,228	0	482,228
<i>Total Fund Balances</i>	<u>2,017,791</u>	<u>1,171,703</u>	<u>504,159</u>	<u>87,600</u>	<u>3,781,253</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,711,094</u>	<u>\$1,319,434</u>	<u>\$1,259,134</u>	<u>\$109,564</u>	<u>\$9,399,226</u>

See accompanying notes to the basic financial statements

Columbiana Exempted Village School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2009*

Total Governmental Fund Balances	\$3,781,253
---	--------------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,875,927
---	-----------

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to delinquent property taxes.	597,278
---	---------

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of activities.	308,636
---	---------

In the statement of activities, interest is accrued on outstanding bonds, where as in governmental funds, an interest expenditure is reported when due.	(30,595)
---	----------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Certificates of Participation	(9,113,772)
Library Improvement Bonds	(265,000)
Energy Conservation Loan	(217,096)
Capital Leases	(59,970)
Compensated Absences	(691,207)
	(10,347,045)

Total	<u>(10,347,045)</u>
-------	---------------------

<i>Net Assets of Governmental Activities</i>	<u><u>\$2,185,454</u></u>
--	---------------------------

See accompanying notes to the basic financial statements

Columbiana Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$3,115,250	\$807,990	\$28,905	\$0	\$3,952,145
Income Taxes	1,467,354	0	0	0	1,467,354
Intergovernmental	3,028,352	31,105	149,023	869,266	4,077,746
Interest	106,541	84,696	0	0	191,237
Tuition and Fees	988,912	0	0	0	988,912
Rentals	11,465	0	0	0	11,465
Extracurricular Activities	0	0	0	185,251	185,251
Contributions and Donations	0	0	0	40,877	40,877
Charges for Services	78,835	0	0	160,967	239,802
Miscellaneous	9,338	0	0	5,448	14,786
<i>Total Revenues</i>	<u>8,806,047</u>	<u>923,791</u>	<u>177,928</u>	<u>1,261,809</u>	<u>11,169,575</u>
Expenditures					
Current:					
Instruction:					
Regular	4,767,345	0	0	224,534	4,991,879
Special	1,076,487	0	0	324,249	1,400,736
Student Intervention Services	69,029	0	0	0	69,029
Support Services:					
Pupil	291,026	0	0	70,030	361,056
Instructional Staff	98,482	0	0	16,029	114,511
Board of Education	21,057	0	0	0	21,057
Administration	680,576	0	0	63,568	744,144
Fiscal	327,256	0	0	24,167	351,423
Operation and Maintenance of Plant	660,162	0	0	0	660,162
Pupil Transportation	266,394	0	0	0	266,394
Operation of Non-instructional Services:					
Food Service Operations	0	0	0	319,218	319,218
Extracurricular Activities	165,575	0	0	182,590	348,165
Capital Outlay	90,826	0	7,438	2,836	101,100
Debt Service:					
Principal Retirement	9,000	552,268	0	0	561,268
Interest and Fiscal Charges	2,790	384,191	0	0	386,981
<i>Total Expenditures</i>	<u>8,526,005</u>	<u>936,459</u>	<u>7,438</u>	<u>1,227,221</u>	<u>10,697,123</u>
<i>Net Change in Fund Balances</i>	280,042	(12,668)	170,490	34,588	472,452
<i>Fund Balances Beginning of Year</i>	<u>1,737,749</u>	<u>1,184,371</u>	<u>333,669</u>	<u>53,012</u>	<u>3,308,801</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,017,791</u></u>	<u><u>\$1,171,703</u></u>	<u><u>\$504,159</u></u>	<u><u>\$87,600</u></u>	<u><u>\$3,781,253</u></u>

See accompanying notes to the basic financial statement:

Columbiana Exempted Village School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances -Total Governmental Funds	\$472,452
--	------------------

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

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

This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Asset Additions	72,895
Current Year Depreciation	<u>(270,110)</u>

Total	(197,215)
-------	-----------

Delinquent property tax revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds.	22,838
---	--------

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	561,268
---	---------

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

Accrued Interest	2,045
Bond Accretion	<u>(105,417)</u>

Total	(103,372)
-------	-----------

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(35,441)
--	----------

The internal service fund used by management to charge the individual funds is reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.	<u>(10,855)</u>
---	-----------------

<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$709,675</u></u>
--	-------------------------

See accompanying notes to the basic financial statements

Columbiana Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Property Taxes	\$2,885,677	\$3,127,968	\$3,127,967	(\$1)
Income Taxes	1,405,392	1,566,351	1,566,351	0
Intergovernmental	2,768,364	2,972,044	2,972,040	(4)
Interest	119,997	118,000	114,393	(3,607)
Tuition and Fees	1,173,737	988,905	988,912	7
Rentals	7,595	11,400	11,465	65
Contributions and Donations	700	700	0	(700)
Charges for Services	68,258	78,880	78,835	(45)
Miscellaneous	18,195	10,000	9,338	(662)
<i>Total Revenues</i>	<u>8,447,915</u>	<u>8,874,248</u>	<u>8,869,301</u>	<u>(4,947)</u>
Expenditures				
Current:				
Instruction:				
Regular	4,549,326	4,813,964	4,813,964	0
Special	1,093,019	1,055,429	1,049,397	6,032
Student Intervention Services	56,269	69,030	69,029	1
Support Services:				
Pupil	243,502	302,395	302,395	0
Instructional Staff	118,807	107,896	97,221	10,675
Board of Education	17,522	21,031	20,990	41
Administration	705,004	677,443	674,487	2,956
Fiscal	319,770	329,348	327,202	2,146
Operation and Maintenance of Plant	609,125	660,824	660,824	0
Pupil Transportation	270,867	273,425	273,425	0
Extracurricular Activities	157,986	174,402	174,401	1
Capital Outlay	128,884	90,826	90,826	0
Debt Service:				
Principal Retirement	9,000	9,000	9,000	0
Interest and Fiscal Charges	2,717	2,790	2,790	0
<i>Total Expenditures</i>	<u>8,281,798</u>	<u>8,587,803</u>	<u>8,565,951</u>	<u>21,852</u>
<i>Net Change in Fund Balance</i>	166,117	286,445	303,350	16,905
<i>Fund Balance Beginning of Year</i>	2,007,764	2,007,764	2,007,764	0
Prior Year Encumbrances Appropriated	16,242	16,242	16,242	0
<i>Fund Balance End of Year</i>	<u>\$2,190,123</u>	<u>\$2,310,451</u>	<u>\$2,327,356</u>	<u>\$16,905</u>

See accompanying notes to the basic financial statements

Columbiana Exempted Village School District

Statement of Fund Net Assets

Internal Service Fund

June 30, 2009

	<u>Self Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$308,636
Liabilities	
	<u>0</u>
Net Assets	
Unrestricted	<u><u>\$308,636</u></u>

See accompanying notes to the basic financial statements

Columbiana Exempted Village School District

Statement of Revenues,

Expenses and Changes in Fund Net Assets

Internal Service Fund

For the Fiscal Year Ended June 30, 2009

	Self Insurance
Operating Revenues	<u>\$0</u>
Operating Expenses	
Salaries	5,000
Fringe Benefits	700
Purchased Services	<u>5,155</u>
<i>Total Operating Expenses</i>	<u>10,855</u>
<i>Operating Loss</i>	(10,855)
<i>Net Assets Beginning of Year</i>	<u>319,491</u>
<i>Net Assets End of Year</i>	<u><u>\$308,636</u></u>

See accompanying notes to the basic financial statements

Columbiana Exempted Village School District

Statement of Cash Flows

Internal Service Fund

For the Fiscal Year Ended June 30, 2009

	<u>Self Insurance</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Payments to Employees for Services	(\$5,000)
Cash Payments for Employee Benefits	(700)
Cash Payments for Goods and Services	<u>(5,155)</u>
<i>Net Cash Used for Operating Activities</i>	(10,855)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>319,491</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$308,636</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	<u><u>(\$10,855)</u></u>

See accompanying notes to the basic financial statements

Columbiana Exempted Village School District

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2009

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$22,235</u>
Liabilities	
Due to Students	<u>\$22,235</u>

See accompanying notes to the basic financial statements

THIS PAGE INTENTIONALLY LEFT BLANK.

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1890 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 18 square miles. It is located in Columbiana and Mahoning Counties, and includes all of the City of Columbiana and portions of Fairfield, Beaver and Springfield Townships. The School District is staffed by 45 non-certificated employees, 68 certificated full-time teaching personnel and 5 administrative employees who provide services to 979 students. The School District currently operates 3 instructional buildings and 1 bus garage.

Reporting Entity

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

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

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

Discretely Presented Component Unit - The component unit column in the financial statements identifies the financial data of the School District's component unit, Dixon Early Learning Center. It is reported separately to emphasize that it is legally separate from the School District.

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Dixon Early Learning Center – Dixon Early Learning Center (the “Center”) is a legally separate, non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Center is a community school with an objective to deliver a comprehensive educational program of high quality, tied to State and national standards for at-risk or disabled students, which can be delivered to students in preschool through kindergarten. The Center is governed by a Board of Trustees. The Board of Trustees may adopt budgets, hire and fire employees, and receive funding from the Ohio Department of Education. Based on the significant services provided by the School District to the Center, the Center’s purpose of servicing the students within the School District, and the relationship between the Board of Education of the School District and the Board of Trustees of the Center, the Center is reflected as a component unit of the School District. Separately issued financial statements can be obtained from the Treasurer of the Center at 333 North Middle Street, Columbiana, Ohio 44408.

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

Information in the notes to the basic financial statements is applicable to the primary government. Information for the component unit is presented in Note 22.

Note 2 - Summary of Significant Accounting Policies

The financial statements of Columbiana Exempted Village School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and internal service fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District’s accounting policies follow.

A. Basis of Presentation

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

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

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

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

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

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

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

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

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

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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

Internal Service Fund This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The School District utilizes an internal service fund to account for any unanticipated run-off claims not covered by their Shared Risk Pool's reserve.

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

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

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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

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

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been given the authority to allocate appropriations to the function and object level within each fund. Budgetary statements are presented beyond that legal level of control for information purposes only.

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

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

F. Cash and Cash Equivalents

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

During fiscal year 2009, investments were limited to repurchase agreements, STAROhio, U.S. treasury notes, federal home loan mortgage corporation notes and federal national mortgage association notes. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$106,541 which includes \$5,376 assigned from other School District funds.

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

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

G. Restricted Assets

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

H. Inventory

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

I. Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5 - 10 years
Buildings and Improvements	25 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 15 years

J. Compensated Absences

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

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources which will be used for student activities, special education and classroom facilities maintenance.

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

M. Fund Balance Reserves

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

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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

N. Internal Activity

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

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

O. Operating Revenues and Expenses

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

P. Extraordinary and Special Items

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

Q. Estimates

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

Note 3 - Change in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards."

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanup. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the School District's financial statements.

Note 4 – Fund Deficits

The title I and the auxiliary services special revenue funds had deficit fund balances of \$1,649 and 3,507, respectively, as of June 30, 2009.

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

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unrecorded cash represents amounts received but not reported by the School District on the operating statements (budget), but which is reported on the GAAP basis operating statements.
5. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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

Net Change in Fund Balance	
GAAP Basis	\$280,042
Net Adjustment for Revenue Accruals	59,599
Beginning Fair Value Adjustment for Investments	733
Ending Fair Value Adjustment for Investments	3,670
Ending Unreported Cash	(\$748)
Net Adjustment for Expenditure Accruals	(29,750)
Adjustment for Encumbrances	(10,196)
	<hr/>
Budget Basis	<u>\$303,350</u>

Note 6 - Deposits and Investments

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

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

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

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

Columbiana Exempted Village School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

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

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

Investments

As of June 30, 2009, the School District had the following investments:

	Maturity		Total
	Less Than One Year	More than One Year	
Repurchase Agreements	\$637,000	\$0	\$637,000
STAROhio	1,219	0	1,219
U.S. Treasury Notes	1,005,927	0	1,005,927
Federal Home Loan Mortgage Corporation Notes	0	796,268	796,268
Federal National Mortgage Association Notes	0	200,062	200,062
Total Portfolio	<u>\$1,644,146</u>	<u>\$996,330</u>	<u>\$2,640,476</u>

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or

Columbiana Exempted Village School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

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

Credit Risk All investments carry a rating of AAA by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2009:

Investments	Percentage of Investments
Repurchase Agreements	24.12 %
U.S. Treasury Notes	38.09
Federal Home Loan Mortgage Corporation Notes	30.16
Federal National Mortgage Association Notes	7.58

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes.

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Mahoning and Columbiana Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009 was \$42,291 in the general fund, \$1,879 in the bond retirement debt service fund, and \$9,604 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2008 was \$55,008 in the general fund, \$2,429 in the bond retirement debt service fund, and \$12,414 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$163,661,700	93.33 %	\$169,401,300	97.64 %
Public Utility Personal	4,153,590	2.37	3,833,450	2.21
Tangible Personal Property	<u>7,537,067</u>	<u>4.30</u>	<u>263,560</u>	<u>0.15</u>
Total	<u><u>\$175,352,357</u></u>	<u><u>100.00 %</u></u>	<u><u>\$173,498,310</u></u>	<u><u>100.00 %</u></u>
 Tax rate per \$1,000 of assessed valuation	 \$34.53		 \$34.53	

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Note 8 - Receivables

Receivables at June 30, 2009, consisted of taxes, accounts (rent and tuition), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. At June 30, 2009, the School District had an intergovernmental receivable of \$71,798 for commercial activity taxes.

Note 9 – Income Tax

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

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted with Indiana Insurance for various types of insurance. Coverage is as follows:

Coverage	Amount
Building and Contents - replacement cost (\$1,000 deductible)	\$25,454,700
Inland Marine Coverage (\$500 deductible)	100,000
Schedule Property (\$500 deductible)	767,950
Automobile Liability (\$500 deductible)	1,000,000
General Liability:	
Per Occurrence	1,000,000
Total Per Year	2,000,000
Commercial Umbrella Liability Policy	2,000,000

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

B. Employee Medical, Dental and Vision Benefits

Effective July 1, 2006, the School District became a member of the Portage Area School Consortium (the "Consortium"), a jointly governed organization (see Note 18), through which a cooperative Health Benefit Program was created for the benefits of its members. In previous years, the School District was self-insured.

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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

C. Worker’s Compensation

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of Sheakley UniService provides administrative, cost control, and actuarial services to the GRP.

Note 11 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

	Balance 6/30/08	Additions	Deletions	Balance 6/30/09
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$177,777	\$0	\$0	\$177,777
<i>Capital Assets, being depreciated:</i>				
Land Improvements	49,411	0	0	49,411
Buildings and Improvements	10,702,718	0	0	10,702,718
Furniture and Equipment	243,874	72,895	0	316,769
Vehicles	357,772	0	0	357,772
<i>Total Capital Assets, being depreciated</i>	<u>11,353,775</u>	<u>72,895</u>	<u>0</u>	<u>11,426,670</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(49,411)	0	0	(49,411)
Buildings and Improvements	(3,025,246)	(229,846)	0	(3,255,092)
Furniture and Equipment	(187,121)	(19,723)	0	(206,844)
Vehicles	(196,632)	(20,541)	0	(217,173)
<i>Total Accumulated Depreciation</i>	<u>(3,458,410)</u>	<u>(270,110) *</u>	<u>0</u>	<u>(3,728,520)</u>
<i>Total Capital Assets, being depreciated, net</i>	<u>7,895,365</u>	<u>(197,215)</u>	<u>0</u>	<u>7,698,150</u>
Governmental Activities Capital Assets, Net	<u>\$8,073,142</u>	<u>(\$197,215)</u>	<u>\$0</u>	<u>\$7,875,927</u>

Columbiana Exempted Village School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

* Depreciation expense was charged to governmental functions as follow:

Instruction:	
Regular	\$156,039
Special	4,680
Support Services:	
Pupil	5,436
Instructional Staff	7,923
Administration	4,340
Fiscal	1,548
Operation and Maintenance of Plant	47,922
Pupil Transportation	20,541
Operation of Non-Instructional Services:	
Food Service Operations	6,533
Extracurricular Activities	15,148
Total Depreciation Expense	<u>\$270,110</u>

Note 12 - Defined Benefit Pension Plans

A. School Employee Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$78,092, \$79,746, and \$74,888, respectively; 47.48 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligation was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$511,264, \$498,294, and \$472,849, respectively; 79.9 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$4,266 made by the School District and \$10,890 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2009, five members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

Note 13 - Post Employment Benefits

A. School Employee Retirement System

Plan Description - The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 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 2009, this amount was \$17,718.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$35,738, \$36,291, and \$38,872, respectively; 47.48 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$6,443, \$5,746, and \$5,092, respectively; 47.48 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$39,328, \$38,330, and \$36,373, respectively; 79.9 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Note 14 - Other Employee Benefits

A. *Compensated Absences*

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

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

B. *Life Insurance*

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

Note 15 - Leases

A. *Capital Leases*

The School District has an existing lease for a replacement school bus. The School District's lease obligation meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," and has been recorded on the government-wide statements.

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

<i>Governmental Activities</i>	
Capital Assets, being depreciated	
Vehicles	\$100,970
Less Accumulated Depreciation:	
Vehicles	<u>(40,388)</u>
<i>Governmental Activities Leased Assets, Net</i>	<u><u>\$60,582</u></u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2009.

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Fiscal Year Ending June 30,	Governmental Activities
2010	\$11,384
2011	12,006
2012	11,590
2013	12,154
2014	11,697
2015	11,368
Total	70,199
Less: Amount Representing Interest	(10,229)
Present Value of Net Minimum Lease Payments	\$59,970

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

Note 16 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2009 were as follows:

	Principal Outstanding June 30, 2008	Additions	Deductions	Principal Outstanding June 30, 2009	Amount Due in One Year
Governmental Activities					
Outstanding Debt					
1999 Certificates of Participation (COP)					
Current Interest Serial COP 3.5 - 4.3%	\$825,000	\$0	(\$390,000)	\$435,000	\$435,000
Capital Appreciation COP 4.6 - 4.9%	1,409,773	0	0	1,409,773	0
Accretion on Capital Appreciation COP	783,582	105,417	0	888,999	0
Current Interest Term COP 5.05 - 5.15%	6,380,000	0	0	6,380,000	0
<i>Total Certificates of Participation</i>	9,398,355	105,417	(390,000)	9,113,772	435,000
2001 Library Improvement Bonds 4.95%	385,000	0	(120,000)	265,000	125,000
1998 Energy Conservation Loan 4.8%	259,364	0	(42,268)	217,096	44,321
<i>Total Outstanding Debt</i>	10,042,719	105,417	(552,268)	9,595,868	604,321
Other Long-term Obligations					
Capital Leases	68,970	0	(9,000)	59,970	9,000
Compensated Absences	655,766	111,640	(76,199)	691,207	48,781
<i>Total Other Long-term Obligations</i>	724,736	111,640	(85,199)	751,177	57,781
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	\$10,767,455	\$217,057	(\$637,467)	\$10,347,045	\$662,102

On February 3, 1999, the School District entered into a lease agreement with the Corporation for a new high school. The Corporation entered an agreement with a trustee through which it assigned and transferred rights, title and interest under the lease to Huntington National Bank as Trustee. The Trustee issued

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semiannual lease payments.

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

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

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

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

The final payment on the outstanding capital appreciation certificates is \$2,715,000. The accretion recorded for fiscal year 2009 was 105,417, for a total outstanding certificates liability of \$2,298,772 at June 30, 2009.

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

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

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

Columbiana Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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

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

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

The overall debt margin of the School District as of June 30, 2009 was \$16,219,304 with an unvoted debt margin of \$172,552. Principal and interest requirements to retire the certificates of participation, the library improvement bonds and the energy conservation loan outstanding at June 30, 2009 are as follows:

Fiscal Year Ending June 30	Certificates of Participation					
	Current Interest Serial		Capital Appreciation		Current Interest Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$435,000	\$334,248	\$0	\$0	\$0	\$0
2011	0	0	274,461	195,539	0	0
2012	0	0	280,027	224,973	0	0
2013	0	0	282,145	257,855	0	0
2014	0	0	284,989	295,011	0	0
2015 - 2019	0	0	288,151	331,849	2,865,000	1,019,432
2020 - 2023	0	0	0	0	3,515,000	373,872
Total	\$435,000	\$334,248	\$1,409,773	\$1,305,227	\$6,380,000	\$1,393,304

Fiscal Year Ending June 30	General Obligation Bonds			
	Library Improvement		Energy Conservation Loan	
	Principal	Interest	Principal	Interest
2010	\$125,000	\$11,633	\$44,321	\$9,895
2011	140,000	5,321	46,474	7,742
2012	0	0	48,731	5,485
2013	0	0	51,098	3,117
2014	0	0	26,472	635
Total	\$265,000	\$16,954	\$217,096	\$26,874

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Note 17 - Jointly Governed Organizations

A. Columbiana County Career and Technical Center

The Columbiana County Career and Technical Center (the "Center") is a distinct political subdivision of the State of Ohio. The Center is operated under the direction of a Board, consisting of one representative from each of the eight participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Columbiana County Career and Technical Center, Office of the Treasurer, at 9364 State Route 45, Lisbon, Ohio 44432.

B. Access Council of Governments

The Access Council of Governments (COG) is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among the member districts. Each of the governments of these schools supports COG based upon a per pupil charge, which was \$39 for fiscal year 2009. Columbiana Exempted Village School District paid \$28,345 to the COG during fiscal year 2009. COG is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of COG including budgeting, appropriating, contracting and designating management. All of COG revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who services as fiscal agent, at 100 Debartolo Place, Youngstown, Ohio 44512.

Note 18 – Public Entity Risk Pools

A. Insurance Purchasing Pool

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

B. Risk Sharing Pool

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

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Service Center acts as the fiscal agent for the consortium. To obtain financial information, write to the Portage County Educational Service Center, Tom Morehouse, who serves as Treasurer, at 326 East Main Street, Ravenna, Ohio 44266.

Note 19 – Related Party Organizations

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

Note 20 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

B. Litigation

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

Note 21 - Set-Asides

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

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

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

	Textbooks Instructional Materials Reserve	Capital Improvements Reserve
	<u> </u>	<u> </u>
Set-Aside Reserve Balance as of June 30, 2008	(\$130,497)	\$0
Current Year Set-aside Requirement	164,336	164,336
Current Year Offset	0	(838,829)
Qualifying Disbursements	<u>(254,399)</u>	<u>(72,389)</u>
Total	<u><u>(\$220,560)</u></u>	<u><u>(\$746,882)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>(\$220,560)</u></u>	<u><u>\$0</u></u>
Set-aside Reserve Balance as of June 30, 2009	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

Note 22 – Dixon Early Learning Center (Center)

A. Summary of Significant Accounting Policies

Nature of Activities

The Center is a non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Center is a community conversion school with an objective to deliver a comprehensive educational program of high quality, tied to State and national standards for at-risk or disabled students, which can be delivered to students in preschool through kindergarten. The Center, as part of the Columbiana Exempted Village School District, is an approved tax-exempt organization. Management is not aware of any course of action or series of events that have occurred that might adversely affect their tax exempt status. The Center may sue or be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Center. The Center is considered a component unit of the Columbiana Exempted Village School District for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39.

The creation of the Center was initially proposed to the Ohio Department of Education by the Columbiana Exempted Village School District and other members of the community on March 11, 2008. The Ohio Department of Education approved the proposal and entered into a contract with the Dixon Early Learning Center, which provided for the commencement of Center operations on September 2, 2008.

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

The Center operates under a three-member Board of Directors (the “Board”). New members are appointed by the remaining board members within 30 days of the date the position becomes open. If a consensus on the new member is not reached by the remaining board members within 30 days, the Columbiana Exempted Village School District Board of Education will appoint the new member. The Board is responsible for carrying out the provisions of the contract which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards and qualifications of teachers. The Center provides services to 85 students in kindergarten.

The Center participates in one jointly governed organization, the Area Cooperative Computerized Educational Service System Council of Governments. This organization is presented in Note 22 C to the basic financial statements.

Method of Accounting

The financial statements have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Presentation

The Center uses an enterprise fund to report financial position and the results of its operations. This fund uses the economic resources measurement focus and the accrual basis of accounting.

Cash and Cash Equivalents

The Center maintains cash balances at a financial institution located in Northeast Ohio. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2009, the Center had \$8,578 in total deposits. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time. The Center had no investments during the fiscal year or at fiscal year end.

Intergovernmental Revenues

The Center currently participates in the State Foundation Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. 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 Center must provide local resources to be used for a specified purpose and expenditure requirements in which the resources are provided to the Center on a reimbursement basis.

The amount of these grants is directly related to the number of students enrolled in the Center. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency calculations made by the Center. These reviews are conducted to ensure the centers are reporting accurate student enrollment data to the State, upon which State foundation is calculated.

Columbiana Exempted Village School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The remaining grants and entitlements received by the Center are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

Capital Assets

Capital assets are recorded at cost. Maintenance, repairs and minor renewals are charged to expense as incurred. When assets are sold, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any profit or loss arising from such disposition is included as income or expense in the year in which sold.

The Center's policy is to capitalize property and equipment over \$650. The equipment is being depreciated using the straight-line method over five years.

Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract with its Sponsor. The contract between the Center and its Sponsor requires an annual budget. A regular review of the budget is also performed and updated during the fiscal year as circumstances change and actual figures become available.

B. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/08	Additions	Reductions	Balance 6/30/09
Furniture, fixtures and equipment	\$0	\$46,541	\$0	\$46,541
Less: Accumulated Depreciation	0	(7,449)	0	(7,449)
Total Capital Assets, Net of Depreciation	<u>\$0</u>	<u>\$39,092</u>	<u>\$0</u>	<u>\$39,092</u>

C. Jointly Governed Organization

The Center participates in the Area Cooperative Computerized Educational Service System Council of Governments (ACCESS), a jointly governed organization. The Center did not make a payment to ACCESS during fiscal year 2009. See Note 17 for additional information.

D. Risk Management

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the Columbiana Exempted Village School District, the Center's sponsor, carried comprehensive coverage on all their school buildings. This policy cannot be broken out on a per school basis. Please see Note 10 for coverage information.

Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

E. Contingencies

Grants

The Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2009.

Litigation

As of June 30, 2009, the Center was not party to any legal proceedings.

F. Purchased Services

For the period of July 1, 2008 through June 30, 2009, purchased service expenses were payments for services rendered by various vendors as follows:

Teacher Services	\$256,986
Instruction Support Services	37,243
Legal Fees	15,187
Principal Services	3,750
EMIS Services	3,000
Miscellaneous	749
Total	<u><u>\$316,915</u></u>

G. Related Party Transactions

For the fiscal year ended June 30, 2009, the Center had expenses of \$316,915 to their sponsor for reimbursement of expenses.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	N/A	10.555	\$15,848	\$15,848
Cash Assistance:				
School Breakfast Program	2008 05-PU 2009 05-PU	10.553	13,937 25,490	13,937 25,490
National School Lunch Program	2008 LL-P4 2009 LL-P4	10.555	48,556 <u>82,870</u>	48,556 <u>82,870</u>
Cash Assistance Subtotal			170,853	170,853
Total for Program (Cluster)			186,701	186,701
Total U.S. Department of Agriculture			<u>186,701</u>	<u>186,701</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	C1-S1 2008 C1-S1 2009	84.010	0 <u>129,416</u>	4,490 <u>129,416</u>
Total Title I Grants to Local Educational Agencies			129,416	133,906
Early Childhood Special Education	PG-S1 2009	84.173	4,288	4,288
IDEA - Part B Grant	6B-SF-2009	84.027	200,738	200,738
Title V - Innovation Program Grant	C2-S1 2009	84.298	873	873
Drug Free School Grant	DR-S1 2009	84.186	3,215	3,215
Title II-A Grant	TR-S1-2009	84.367	42,690	42,690
Title II-D Grant	TJ-S1 2009	84.318	1,212	1,212
Total Department of Education			<u>382,432</u>	<u>386,922</u>
Total Federal Receipts and Expenditures			<u>\$569,133</u>	<u>\$573,623</u>

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2009**

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B -- FOOD DISTRIBUTION

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

THIS PAGE INTENTIONALLY LEFT BLANK.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Columbiana Exempted Village School District, Columbiana County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 28, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Columbiana Exempted Village School District, Columbiana County, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining 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 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.

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

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

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

Mary Taylor, CPA
Auditor of State

June 28, 2010

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

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

THIS PAGE INTENTIONALLY LEFT BLANK.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on January 9, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - (6) A procedure for documenting any prohibited incident that is reported;

- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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.



Mary Taylor, CPA
Auditor of State

June 28, 2010



Mary Taylor, CPA
Auditor of State

COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 27, 2010