



Dave Yost • Auditor of State

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Columbia Local School District
Lorain County
25796 Royalton Road
Columbia Station, Ohio 44028

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbia Local School District, Lorain County, Ohio, (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbia Local School District, Lorain County, Ohio, as of June 30, 2011, and the respective changes in financial position 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.

As described in Note 3B, the District implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and restated the June 30, 2010 fund balances of the Governmental Funds due to a change in fund structure.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2012, 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

January 20, 2012

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The management's discussion and analysis of the Columbia Local School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets of governmental activities increased \$71,241 or 2.84%.
- General revenues accounted for \$9,577,953 in revenue or 82.81% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$1,987,804 or 17.19% of total revenues of \$11,565,757.
- The District had \$11,494,516 in expenses related to governmental activities; only \$1,987,804 of these expenses were offset by program specific charges for services, operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$9,577,953 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the permanent improvement fund. The general fund had \$9,979,263 in revenues and other financing sources and \$10,202,279 in expenditures and other financing uses. During fiscal year 2011, the general fund's fund balance decreased \$233,016 from a restated fund balance of \$843,599 to \$620,583.
- The Permanent Improvement fund had \$6,289,059 in revenues and other financing sources and \$453,103 in expenditures. During fiscal year 2011, the permanent improvement fund's fund balance increased \$5,835,956 from a fund balance of \$72,924 to \$5,908,880.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and permanent improvement fund are the most significant funds, and the only governmental funds reported as major funds.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, food service operations, extracurricular activities, and interest and fiscal charges.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the 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 accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the 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 differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary assets and liabilities on page 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 21-48 of this report.

The District as a Whole

The table below provides a summary of the District's net assets for fiscal years 2011 and 2010:

	Net Assets	
	Governmental Activities 2011	Governmental Activities 2010
<u>Assets</u>		
Current and other assets	\$ 14,193,344	\$ 7,996,208
Capital assets, net	<u>2,636,461</u>	<u>2,437,921</u>
Total assets	<u>16,829,805</u>	<u>10,434,129</u>
<u>Liabilities</u>		
Current liabilities	7,294,736	6,984,340
Long-term liabilities	<u>6,951,723</u>	<u>937,684</u>
Total liabilities	<u>14,246,459</u>	<u>7,922,024</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	2,571,366	2,389,623
Restricted	6,215,899	187,783
Unrestricted (deficit)	<u>(6,203,919)</u>	<u>(65,301)</u>
Total net assets	<u>\$ 2,583,346</u>	<u>\$ 2,512,105</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$2,583,346.

At year-end, capital assets represented 15.67% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Invested in capital assets, net of related debt to acquire the assets at June 30, 2011, were \$2,571,366. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

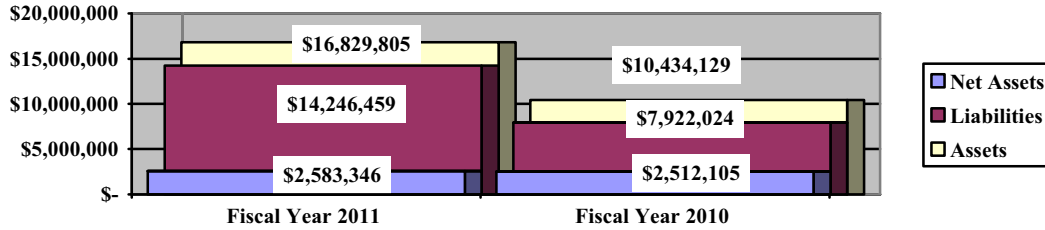
A portion of the District's net assets, \$6,215,899, represents resources that are subject to external restriction on how they may be used.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The table below provides a summary of the District's net assets for fiscal years 2011 and 2010:

Governmental Activities



The table below shows the change in net assets for fiscal years 2011 and 2010.

Change in Net Assets

	Governmental Activities 2011	Governmental Activities 2010
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 900,543	\$ 1,063,494
Operating grants and contributions	1,087,261	892,880
General revenues:		
Property taxes	6,154,919	5,569,867
Grants and entitlements	3,268,289	3,450,791
Investment earnings	4,220	4,771
Other	150,525	66,191
Total revenues	<u>\$ 11,565,757</u>	<u>\$ 11,047,994</u>

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Change in Net Assets

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,647,012	\$ 5,013,934
Special	1,014,655	879,482
Vocational	177,237	85,629
Other	385,394	239,243
Support services:		
Pupil	671,912	610,313
Instructional staff	395,448	338,387
Board of education	26,334	41,143
Administration	980,350	1,102,736
Fiscal	379,192	360,367
Operations and maintenance	1,063,056	1,244,415
Pupil transportation	797,116	850,844
Central	148,860	165,148
Food service operations	379,463	410,035
Other non-instructional services	100	-
Extracurricular activities	383,044	390,418
Interest and fiscal charges	<u>45,343</u>	<u>4,685</u>
Total expenses	<u>11,494,516</u>	<u>11,736,779</u>
Change in net assets	71,241	(688,785)
Net assets at beginning of year	<u>2,512,105</u>	<u>3,200,890</u>
Net assets at end of year	<u>\$ 2,583,346</u>	<u>\$ 2,512,105</u>

Governmental Activities

Net assets of the District's governmental activities increased \$71,241. Total governmental expenses of \$11,494,516 were offset by program revenues of \$1,987,804 and general revenues of \$9,577,953. Program revenues supported 17.29% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 81.48% of total governmental revenue. Real estate property is reappraised every six years.

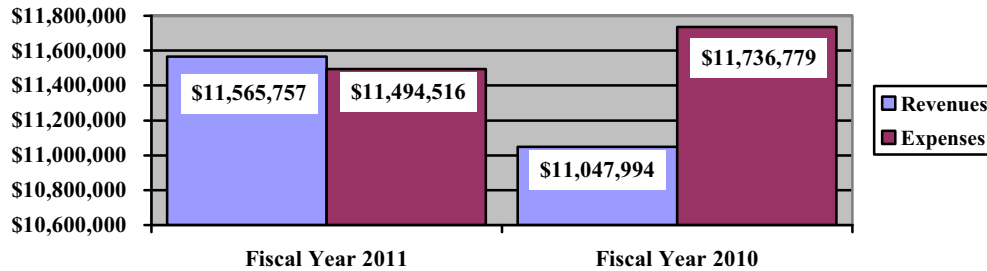
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,224,298 or 54.15% of total governmental expenses for fiscal year 2011.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2011 and 2010:

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Program expenses				
Instruction:				
Regular	\$ 4,647,012	\$ 3,775,727	\$ 5,013,934	\$ 4,157,005
Special	1,014,655	790,040	879,482	690,759
Vocational	177,237	173,874	85,629	82,291
Other	385,394	370,455	239,243	231,663
Support services:				
Pupil	671,912	416,526	610,313	461,335
Instructional staff	395,448	378,954	338,387	308,592
Board of education	26,334	18,065	41,143	40,551
Administration	980,350	972,358	1,102,736	1,044,945
Fiscal	379,192	379,192	360,367	360,367
Operations and maintenance	1,063,056	1,043,887	1,244,415	1,226,156
Pupil transportation	797,116	769,032	850,844	811,590
Central	148,860	46,252	165,148	5,057
Food service operations	379,463	36,813	410,035	52,601
Other non-instructional services	100	100	-	-
Extracurricular activities	383,044	290,094	390,418	302,808
Interest and fiscal charges	45,343	45,343	4,685	4,685
Total expenses	<u>\$ 11,494,516</u>	<u>\$ 9,506,712</u>	<u>\$ 11,736,779</u>	<u>\$ 9,780,405</u>

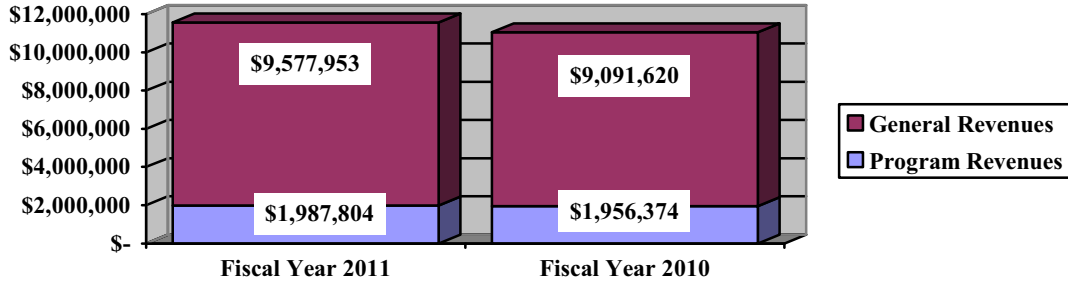
The dependence upon tax and other general revenues for governmental activities is apparent, 82.10% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.71%.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2011 and 2010:

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on page 15) reported a combined fund balance of \$6,659,815 which is greater than last year's balance of \$908,928. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010. The District restated June 30, 2010 fund balances as described in Note 3.B.

	Fund Balance June 30, 2011	Restated Fund Balance (Deficit) June 30, 2010	Increase (Decrease)
General	\$ 620,583	\$ 843,599	\$ (223,016)
Permanent Improvement	5,908,880	72,924	5,835,956
Other Governmental	<u>130,352</u>	<u>(7,595)</u>	<u>137,947</u>
Total	<u>\$ 6,659,815</u>	<u>\$ 908,928</u>	<u>\$ 5,750,887</u>

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

General Fund

The District's general fund's fund balance decreased by \$223,016. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2011 Amount</u>	<u>Restated 2010 Amount</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Taxes	\$ 5,900,576	\$ 5,548,989	6.34 %
Tuition	516,577	653,748	(20.98) %
Earnings on investments	2,022	4,771	(57.62) %
Intergovernmental	3,331,547	3,465,048	(3.85) %
Other revenues	<u>189,367</u>	<u>183,361</u>	3.28 %
Total	<u>\$ 9,940,089</u>	<u>\$ 9,855,917</u>	0.85 %
<u>Expenditures</u>			
Instruction	\$ 5,823,298	\$ 5,822,818	0.01 %
Support services	3,996,158	3,906,962	2.28 %
Extracurricular activities	287,082	314,680	(8.77) %
Capital outlay	39,174	-	100.00 %
Debt service	<u>26,567</u>	<u>23,387</u>	13.60 %
Total	<u>\$ 10,172,279</u>	<u>\$ 10,067,847</u>	1.04 %

The decrease in tuition revenues was a result of the District's decreased participation in the open enrollment program. Earnings on investments decreased due to lower interest rates on investments. Capital outlay increased due to the District entering into a new capital lease. All other revenues and expenditures remained comparable.

General Fund Budgeting Highlights

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

For the general fund, original and final budgeted revenues and other financing sources were \$9,921,545. Actual revenues and other financing sources for fiscal 2011 were \$9,673,315. This represents a \$248,230 decrease from original and final budgeted revenues.

General fund original appropriations were \$10,764,252 and final appropriations were \$10,794,927. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$10,279,208, which was \$515,719 less than the final budget appropriations.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2011, the District had \$2,636,461 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. This entire amount is reported in governmental activities.

The following table shows fiscal 2011 balances compared to 2010:

	Capital Assets at June 30	
	(Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$ 400,614	\$ 400,614
Construction in progress	288,691	-
Land improvements	242,099	233,296
Building and improvements	1,096,702	1,095,379
Furniture and equipment	310,423	337,830
Vehicles	258,611	329,859
Infrastructure	<u>39,321</u>	<u>40,943</u>
Total	<u>\$ 2,636,461</u>	<u>\$ 2,437,921</u>

The overall increase in capital assets of \$198,540 is primarily due to capital outlays of \$445,507 exceeding depreciation expense of \$246,967 for fiscal 2011.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2011, the District had \$65,095 in capital lease obligations outstanding and \$6,000,000 in bond anticipation notes outstanding. Of this total, \$6,024,520 is due within one year and \$40,575 is due in more than one year.

At June 30, 2011, the District's overall legal debt margin was \$12,101,623, and the unvoted debt margin was \$200,720. See Note 10 to the basic financial statements for additional information on the District's debt administration.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Current Financial Related Activities

The District has continued to maintain the highest standards of service to the students, parents and community. The District is continually presented with challenges and opportunities.

As the preceding information shows, the District heavily depends on its residential property taxpayers. The community's commitment to the District was demonstrated by the February 2010 passage of a renewal of a \$625,000 emergency levy, the November 2010 passage of a 2.0 mil Permanent Improvement Levy which will help take the burden of repairs and equipment purchases from the general fund, and the February 2011 passage of a \$6 million bond issue, which will enable the District to close a building and build an addition on the existing middle school and become a two building district.

The continued financial support of the District demonstrates the strong belief of parents and community members that their schools are one of the highest priorities and one of the most important public institutions in their community.

The District has communicated to the community the extent upon which it relies on their support for the major part of its operations, and will continue to work diligently to carefully monitor expenses, staying within the District's five-year financial plan. State law retards the growth income generated by local levies rendering revenues relatively constant. This lack of growth, however, forces the District to come back to the voters from time to time and ask for additional financial support.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Patricia Weber, Treasurer, at Columbia Local School District, 25796 Royalton Road, Columbia Station, Ohio 44028.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2011
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 7,672,696
Receivables:	
Taxes	6,332,629
Accounts.	1,685
Intergovernmental	181,983
Materials and supplies inventory.	4,351
Capital assets:	
Land and construction in progress.	689,305
Depreciable capital assets, net.	1,947,156
Capital assets, net.	2,636,461
 Total assets.	 16,829,805
 Liabilities:	
Accounts payable.	25,797
Contracts payable.	147,460
Accrued wages and benefits	1,016,185
Pension obligation payable.	294,396
Intergovernmental payable	39,256
Unearned revenue	5,750,271
Accrued interest payable	21,371
Notes payable	6,000,000
Long-term liabilities:	
Due within one year.	145,530
Due in more than one year.	806,193
 Total liabilities	 14,246,459
 Net Assets:	
Invested in capital assets, net of related debt.	2,571,366
Restricted for:	
Debt service.	36,806
Locally funded programs	5,663
State funded programs.	148,741
Federally funded programs	72,066
Student activities	65,114
Unrestricted (deficit)	(316,410)
 Total net assets	 \$ 2,583,346

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 4,647,012	\$ 569,271	\$ 302,014	\$ (3,775,727)
Special	1,014,655	-	224,615	(790,040)
Vocational	177,237	-	3,363	(173,874)
Other	385,394	-	14,939	(370,455)
Support services:				
Pupil	671,912	-	255,386	(416,526)
Instructional staff	395,448	-	16,494	(378,954)
Board of education	26,334	8,269	-	(18,065)
Administration.	980,350	-	7,992	(972,358)
Fiscal.	379,192	-	-	(379,192)
Operations and maintenance	1,063,056	19,169	-	(1,043,887)
Pupil transportation.	797,116	-	28,084	(769,032)
Central	148,860	-	102,608	(46,252)
Other non-instructional services	100	-	-	(100)
Food service operations	379,463	215,598	127,052	(36,813)
Extracurricular activities.	383,044	88,236	4,714	(290,094)
Interest and fiscal charges	45,343	-	-	(45,343)
Total governmental activities	<u>\$ 11,494,516</u>	<u>\$ 900,543</u>	<u>\$ 1,087,261</u>	<u>(9,506,712)</u>

General Revenues:

Property taxes levied for:	
General purposes	5,878,366
Capital projects	276,553
Income taxes levied for:	
Grants and entitlements not restricted	
to specific programs.	3,268,289
Investment earnings.	4,220
Miscellaneous.	150,525
Total general revenues	<u>9,577,953</u>
Change in net assets	71,241
Net assets at beginning of year.	<u>2,512,105</u>
Net assets at end of year	<u>\$ 2,583,346</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2011
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 1,426,175	\$ 6,022,833	\$ 223,688	\$ 7,672,696
Receivables:				
Property taxes.	5,753,353	393,610	185,666	6,332,629
Accounts.	1,685	-	-	1,685
Interfund loans.	13,022	-	-	13,022
Intergovernmental.	5,165	-	176,818	181,983
Materials and supplies inventory.	-	-	4,351	4,351
Total assets.	<u>\$ 7,199,400</u>	<u>\$ 6,416,443</u>	<u>\$ 590,523</u>	<u>\$ 14,206,366</u>
Liabilities:				
Accounts payable.	\$ 17,215	\$ 1,699	\$ 6,883	\$ 25,797
Contracts payable.	-	147,460	-	147,460
Accrued wages and benefits.	947,028	-	69,157	1,016,185
Compensated absences payable.	74,336	-	-	74,336
Pension obligation payable.	274,637	-	19,759	294,396
Intergovernmental payable.	36,724	-	2,532	39,256
Interfund loans payable.	-	-	13,022	13,022
Deferred revenue.	22,676	-	163,152	185,828
Unearned revenue.	5,206,201	358,404	185,666	5,750,271
Accrued interest payable.	-	21,371	-	21,371
Notes payable.	-	6,000,000	-	6,000,000
Total liabilities.	<u>6,578,817</u>	<u>6,528,934</u>	<u>460,171</u>	<u>13,567,922</u>
Fund Balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	4,351	4,351
Restricted:				
Debt service.	-	-	36,806	36,806
Special education.	-	-	37,131	37,131
Targeted academic assistance.	-	-	14,141	14,141
Other purposes.	-	-	12,046	12,046
Extracurricular.	-	-	65,114	65,114
Committed:				
Underground storage tank.	11,000	-	-	11,000
Assigned:				
Student instruction.	26,790	-	-	26,790
Student and staff support.	42,857	-	-	42,857
Extracurricular activities.	509	-	-	509
Public school support.	31,028	-	-	31,028
Other purposes.	3,187	-	-	3,187
Unassigned (deficit).	505,212	(112,491)	(39,237)	353,484
Total fund balances (deficit).	<u>620,583</u>	<u>(112,491)</u>	<u>130,352</u>	<u>638,444</u>
Total liabilities and fund balances.	<u>\$ 7,199,400</u>	<u>\$ 6,416,443</u>	<u>\$ 590,523</u>	<u>\$ 14,206,366</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011
(SEE ACCOUNTANT'S COMPILATION REPORT)

Total governmental fund balances	\$	638,444
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,636,461
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 22,676	
Intergovernmental receivable	<u>163,152</u>	
Total		185,828
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Capital leases payable	(65,095)	
Compensated absences payable	<u>(812,292)</u>	
Total		<u>(877,387)</u>
Net assets of governmental activities	\$	<u>2,583,346</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 5,900,576	\$ 276,553	\$ -	\$ 6,177,129
Tuition	516,577	-	-	516,577
Charges for services	-	-	215,598	215,598
Earnings on investments	2,022	-	2,198	4,220
Extracurricular	13,554	-	75,136	88,690
Classroom materials and fees	52,240	-	-	52,240
Rental income	19,169	-	-	19,169
Contributions and donations	8,269	-	4,543	12,812
Other local revenues	96,135	-	200	96,335
Intergovernmental - Intermediate	-	-	13,431	13,431
Intergovernmental - State	3,331,547	12,506	14,004	3,358,057
Intergovernmental - Federal	-	-	819,926	819,926
Total revenue	9,940,089	289,059	1,145,036	11,374,184
Expenditures:				
Current:				
Instruction:				
Regular	4,421,944	-	138,830	4,560,774
Special	852,962	-	150,502	1,003,464
Vocational	177,371	-	-	177,371
Other	371,021	-	14,373	385,394
Support services:				
Pupil	478,310	-	188,562	666,872
Instructional staff	376,395	-	15,180	391,575
Board of education	26,217	-	-	26,217
Administration	992,947	-	6,421	999,368
Fiscal	373,036	3,106	-	376,142
Operations and maintenance	982,148	-	1,573	983,721
Pupil transportation	723,515	-	-	723,515
Central	43,590	-	98,952	142,542
Food service operations	-	-	373,822	373,822
Extracurricular activities	287,082	-	83,482	370,564
Facilities acquisition and construction	-	449,997	-	449,997
Capital outlay	39,174	-	-	39,174
Debt service:				
Principal retirement	22,377	-	-	22,377
Interest and fiscal charges	4,190	21,371	-	25,561
Note issuance costs	-	-	19,782	19,782
Total expenditures	10,172,279	474,474	1,091,479	11,738,232
Excess (deficiency) of revenues over (under) expenditures	(232,190)	(185,415)	53,557	(364,048)
Other financing sources (uses):				
Premium on notes sold	-	-	54,390	54,390
Transfers in	-	-	30,000	30,000
Transfers (out)	(30,000)	-	-	(30,000)
Capital lease transaction	39,174	-	-	39,174
Total other financing sources (uses)	9,174	-	84,390	93,564
Net change in fund balances	(223,016)	(185,415)	137,947	(270,484)
Fund balances (deficit)				
at beginning of year (restated)	843,599	72,924	(7,595)	908,928
Fund balances (deficit) at end of year	\$ 620,583	\$ (112,491)	\$ 130,352	\$ 638,444

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(SEE ACCOUNTANT'S COMPILATION REPORT)

Net change in fund balances - total governmental funds \$ (270,484)

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

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

Capital outlay	\$	445,507	
Depreciation expense		(246,967)	
Total			198,540

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

Taxes		(17,045)	
Intergovernmental revenue		159,393	
Total			142,348

Repayment of capital lease principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities on the statement of net assets. 22,377

Capital lease transactions are recorded as other financing
sources in the funds; however, in the statement of activities, they are
not reported as other financing sources as they increase liabilities
on the statement of net assets. (39,174)

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. 17,634

Change in net assets of governmental activities \$ 71,241

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
From local sources:				
Taxes	\$ 6,741,996	\$ 6,741,996	\$ 5,694,195	\$ (1,047,801)
Tuition	375,000	375,000	516,577	141,577
Earnings on investments	5,000	5,000	2,022	(2,978)
Classroom materials and fees	23,775	23,775	23,562	(213)
Rental income	17,900	17,900	18,069	169
Contributions and donations	250	250	-	(250)
Other local revenues	41,100	41,100	65,360	24,260
Intergovernmental - State	<u>2,711,889</u>	<u>2,711,889</u>	<u>3,331,547</u>	<u>619,658</u>
Total revenue	<u>9,916,910</u>	<u>9,916,910</u>	<u>9,651,332</u>	<u>(265,578)</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,766,271	4,779,852	4,551,498	228,354
Special	917,355	919,969	876,018	43,951
Vocational	171,789	172,278	164,048	8,230
Other	390,623	391,736	373,021	18,715
Support services:				
Pupil	451,683	452,970	431,330	21,640
Instructional staff	375,989	377,061	359,047	18,014
Board of education	28,654	28,736	27,363	1,373
Administration	1,045,015	1,047,993	997,926	50,067
Fiscal	394,204	395,330	376,443	18,887
Operations and maintenance	1,054,599	1,057,604	1,007,078	50,526
Pupil transportation	777,488	779,704	742,454	37,250
Central	49,460	49,600	47,231	2,369
Extracurricular activities	<u>307,011</u>	<u>307,886</u>	<u>293,177</u>	<u>14,709</u>
Total expenditures	<u>10,730,141</u>	<u>10,760,719</u>	<u>10,246,634</u>	<u>514,085</u>
Excess of expenditures over revenues	<u>(813,231)</u>	<u>(843,809)</u>	<u>(595,302)</u>	<u>248,507</u>
Other financing sources (uses):				
Refund of prior year's expenditures	4,635	4,635	21,983	17,348
Transfers (out)	<u>(34,111)</u>	<u>(34,208)</u>	<u>(32,574)</u>	<u>1,634</u>
Total other financing sources (uses)	<u>(29,476)</u>	<u>(29,573)</u>	<u>(10,591)</u>	<u>18,982</u>
Net change in fund balance	(842,707)	(873,382)	(605,893)	267,489
Fund balance at beginning of year	1,745,381	1,745,381	1,745,381	-
Prior year encumbrances appropriated	158,577	158,577	158,577	-
Fund balance at end of year	<u>\$ 1,061,251</u>	<u>\$ 1,030,576</u>	<u>\$ 1,298,065</u>	<u>\$ 267,489</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2011
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 83,203
 Total assets.	\$ 83,203
 Liabilities:	
Accounts payable.	\$ 1,066
Due to students	82,137
 Total liabilities	\$ 83,203

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District is located in Columbia Station, Ohio, Lorain County. The District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by State and Federal agencies. Each member is elected to a four year term.

The Board of Education (the "Board") controls the District's three instructional and three support facilities staffed by 52 non-certified personnel, 83 certified teaching personnel and 6 administrators who provide services to 1,014 students. The District's three support facilities include an administration building, transportation center, and a maintenance garage. The District operates one elementary school (K-4), one middle school (5-8) and one high school (9-12). The District ranks as the 476th largest by total enrollment among the 918 public school districts and community schools in the State.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities provided it does not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Lake Erie Educational Computer Association (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of 31 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 the administrative and instructional functions of member districts. Each of the governments of these districts supports LEECA based upon a per pupil charge, dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. The District paid \$34,067 to LEECA for services during fiscal year 2011.

Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035.

Lake Erie Regional Council of Governments (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization comprised of 14 school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as media center, gas consumption, driver education, food service and insurance. Each member provides operating resources to LERC on a per pupil or actual usage charge. The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, who serves as fiscal agent, at 1885 Lake Avenue, Elyria, Ohio.

Lorain County Joint Vocational School District (LCJVSD)

The Lorain County JVSD (LCJVSD) is a separate body politic and corporate established by the Ohio Revised Code to provide for vocational and special education needs to students. The Board of the LCJVSD is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, and accounting and financing related to activities. The District's students may attend LCJVSD. Each school district's control is limited to its representation on the Board. Financial information can be obtained by contacting the LCJVSD, 15181 State Route 58, Oberlin, Ohio 44074.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization among 121 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2011, the District paid \$800 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The District participates in the Council's prepaid natural gas purchase program. This program allows school districts to purchase natural gas at reduced rates. Compass Energy has been selected as the supplier and program manager for the period October 1, 2010 through March 31, 2013. There are currently 143 participants in the program including Columbia Local School District. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

In September 2009, the Council negotiated and approved a contract for discounted electric generation with Duke Energy Retail Sales, LLC for schools in the FirstEnergy territory – Ohio Edison, Cleveland Electric Illuminating and Toledo Edison. The price was \$.051 per kWh for all district facilities and was guaranteed through May 31, 2011. There are 110 school districts participating in this program including Columbia Local School District.

PUBLIC ENTITY RISK POOLS

Schools of Ohio Risk Sharing Authority (SORSA)

The District participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the District's property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

Workers' Compensation Group Rating Program

The District participates in the Ohio Association of School Business Officials (OASBO)/CompManagement, Inc. Workers' Compensation Group Rating Program (GRP). The GRP is sponsored by OASBO and administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program. Refer to Note 12.C. for further information on the GRP.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Lake Erie Employee Protection Plan (LEEPP)

The District participates in LEEPP to provide health and dental insurance. LEEPP is a program administered by Lake Erie Regional Council of Governments (See Note 11.B.) The LEEPP is a shared risk pool comprised of fifteen regional school districts. LEEPP is governed by an assembly which consists of one representative from each participating school district, usually the superintendent or designee. The assembly elects officers for one year terms to serve as the Board of Directors. A member can withdraw from participation in the plan by notifying the fiscal agent on or before January 15 of the preceding fiscal year in which the school district will withdraw. If the school district withdraws, no further contribution would be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract. The assembly exercises control over the operation of the plan. Plan revenues are generated from charges for services.

B. Fund Accounting

The 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. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have any proprietary funds.

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 District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent improvement fund - The permanent improvement fund is used to account for taxes levied for the replacement and updating of equipment and facilities essential for the instruction of students.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

FIDUCIARY FUNDS

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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District maintains two agency funds to account for student activities and a soft drink sales operation.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Basis of Presentation and Measurement Focus

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

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange 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 District, available means expected to be received within sixty days of fiscal year end.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2011, have also been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis of accounting, the fair value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds, except agency funds. The specific timetable is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. By no later than January 20, the board-adopted budget is filed with the Lorain County Budget Commission for tax rate determination.
3. Prior to April 1, unless a later date is approved by the Tax Commissioner, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final Amended Certificates issued for fiscal year 2011.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2011. All amounts reported in the budgetary statement reflect the original appropriations and the final appropriations, including all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2011 investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments in STAR Ohio are reported at fair value, which is based on quoted market prices.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2011.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$2,022, which includes \$597 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market value and donated commodities are reported at the entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. On the fund financial statements, reported materials and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available, spendable resources even though it is a component of net current assets. Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,000. 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.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	50 years
Furniture and equipment	3 - 15 years
Vehicles	10 years
Infrastructure	50 years

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for those absences are attributable to services rendered and are not contingent on a specific event that is outside the control of the District or the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2011, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least 10 current years of service with the District were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2011, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

J. Accrued Liabilities and Long-Term Obligations

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

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

K. Interfund Balances

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

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Estimates

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

O. Interfund Activity

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 basic financial statements. Transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	General	Permanent Improvement	Nonmajor Governmental	Total Governmental
Fund balance as previously reported	\$ 792,720	\$ 72,924	\$ 43,284	\$ 908,928
Fund reclassifications:				
Uniform school supplies fund	3,107	-	(3,107)	-
Internal service rotary fund	3,236	-	(3,236)	-
Public school support fund	33,536	-	(33,536)	-
State or political subdivision fund	11,000	-	(11,000)	-
Total fund reclassifications	50,879	-	(50,879)	-
Restated fund balance (deficit) at July 1, 2010	\$ 843,599	\$ 72,924	\$ (7,595)	\$ 908,928

The fund reclassifications did not have an effect on net assets as previously reported.

C. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor fund</u>	<u>Deficit</u>
Food service	\$ 34,886

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

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the District had \$1,200 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$7,216,603. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$6,986,192 of the District's bank balance of \$7,486,192 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2011, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	\$ 538,096	\$ 538,096

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy requires that operating funds be invested primarily in investments so that the securities mature to meet cash requirements for ongoing operations and long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The District's investment policy does not specifically address credit risk beyond requiring the District to invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 538,096	100.00

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 7,216,603
Investments	538,096
Cash on hand	<u>1,200</u>
Total	<u>\$ 7,755,899</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 7,672,696
Agency funds	<u>83,203</u>
Total	<u>\$ 7,755,899</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2011 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 13,022</u>

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B.** Interfund transfers for the year ended June 30, 2011, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
<u>Transfers to nonmajor governmental funds from:</u>	
General	<u>\$ 30,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Lorain County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$529,641 in the general fund and \$35,206 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$323,260 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 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 unearned revenue.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 194,639,670	97.10	\$ 194,738,160	97.02
Public utility personal	5,622,370	2.81	5,982,030	2.98
Tangible personal property	<u>182,573</u>	<u>0.09</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 200,444,613</u>	<u>100.00</u>	<u>\$ 200,720,190</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$53.37		\$52.78

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 7 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities:

Property taxes	\$ 6,332,629
Accounts	1,685
Intergovernmental	<u>181,983</u>
Total	<u>\$ 6,516,297</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 400,614	\$ -	\$ -	\$ 400,614
Construction in progress	<u>-</u>	<u>288,691</u>	<u>-</u>	<u>288,691</u>
Total capital assets, not being depreciated	<u>400,614</u>	<u>288,691</u>	<u>-</u>	<u>689,305</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	416,088	24,560	-	440,648
Buildings and improvements	3,480,074	50,468	-	3,530,542
Furniture and equipment	1,925,991	81,788	(7,793)	1,999,986
Vehicles	1,127,868	-	-	1,127,868
Infrastructure	<u>92,062</u>	<u>-</u>	<u>-</u>	<u>92,062</u>
Total capital assets, being depreciated	<u>7,042,083</u>	<u>156,816</u>	<u>(7,793)</u>	<u>7,191,106</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(182,792)	(15,757)	-	(198,549)
Buildings and improvements	(2,384,695)	(49,145)	-	(2,433,840)
Furniture and equipment	(1,588,161)	(109,195)	7,793	(1,689,563)
Vehicles	(798,009)	(71,248)	-	(869,257)
Infrastructure	<u>(51,119)</u>	<u>(1,622)</u>	<u>-</u>	<u>(52,741)</u>
Total accumulated depreciation	<u>(5,004,776)</u>	<u>(246,967)</u>	<u>7,793</u>	<u>(5,243,950)</u>
Governmental activities capital assets, net	<u>\$ 2,437,921</u>	<u>\$ 198,540</u>	<u>\$ -</u>	<u>\$ 2,636,461</u>

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 107,246
Special	7,068
<u>Support Services:</u>	
Pupil	6,998
Instructional staff	946
Board of education	117
Administration	8,364
Operations and maintenance	15,016
Pupil transportation	78,678
Central	6,338
Operation of non-instructional services	100
Food service operations	3,341
Extracurricular activities	<u>12,755</u>
Total depreciation expense	<u>\$ 246,967</u>

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2011 and in prior years, the District entered into capitalized leases for copier equipment. These lease agreements meet the criteria of capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as program/function expenditures on a budgetary basis.

Capital assets consisting of equipment have been capitalized in the amount of \$139,457. Accumulated depreciation as of June 30, 2011 was \$65,283, leaving a current book value of \$74,174. A corresponding liability was recorded on the statement of net assets. Principal retirement and interest and fiscal charges in fiscal year 2011 totaled \$22,377 and \$4,190, respectively, in the general fund on the statement of revenues, expenditures, and changes in fund balances.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE- (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2011:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 28,731
2013	20,339
2014	9,540
2015	9,540
2016	<u>6,360</u>
Total minimum lease payments	74,510
Less: Amount representing interest	<u>(9,415)</u>
Total	<u>\$ 65,095</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2011, the following activity occurred in governmental activities long-term obligations:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2011</u>	<u>Due in</u>
					<u>One Year</u>
Governmental Activities:					
Bond Anticipation Notes 2.00%	\$ -	\$ 6,000,000	\$ -	\$ 6,000,000	\$6,000,000
Capital lease obligation	48,298	39,174	(22,377)	65,095	24,520
Compensated absences	<u>889,386</u>	<u>130,230</u>	<u>(132,988)</u>	<u>886,628</u>	<u>121,010</u>
Total long-term obligations, governmental activities	<u>\$ 937,684</u>	<u>\$ 6,169,404</u>	<u>\$ (155,365)</u>	<u>\$ 6,951,723</u>	<u>\$6,145,530</u>

Compensated absences will be paid from the fund from which the employee is paid, primarily the general fund and food service fund (a nonmajor governmental fund). The capital lease obligation will be paid from the general fund, see Note 9 for detail.

B. Notes Payable - On April 26, 2011, the District issued \$6,000,000 in notes in anticipation of the issuance of bonds for the purpose of various construction projects throughout the District. The notes bear an interest rate of 2.00% and mature on January 19, 2012. In accordance with FASB Statement No. 6 "Classification of Short-Term Obligations Expected to Be Refinanced", the bond anticipation notes were classified as long-term obligations because they have been replaced with long-term bonds before the financial statements have been issued. See Note 19 for further detail.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10 - LONG-TERM OBLIGATIONS – (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2007. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$12,101,623 and an unvoted debt margin of \$200,720.

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiating agreements and State laws. Classified employees earn up to twenty-five days of vacation per year, depending upon length of service. Administrators may cash out and/or carry over up to ten days of vacation. 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. A percentage of unused sick time is paid at retirement. The number of sick days which can accumulate is restricted.

B. Health Care Benefits

The District contracted with Lake Erie Employee Protection Plan (LEEPP) to provide health and dental insurance. LEEPP is a program administered by Lake Erie Regional Council of Governments (LERC).

C. Life Insurance

Life insurance is offered to employees through Lake Erie Regional Council of Governments (LERC) through Dearborn National Life Insurance. The Treasurer, Superintendent, Building Principals, Transportation Supervisor, Maintenance Supervisor, Psychologist, Superintendent's Secretary and Treasurer's Staff member receive 4 times their salary up to \$250,000 coverage for \$30 per month; and certified employees receive coverage equal to their pay to the nearest thousand up to \$50,000, custodial and classified employees who work 4hrs plus receive \$20,000 for \$2.40 per month, and classified employees who work under 4 hours receive \$9,000 for \$1.08 per month.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2011, the District has contracted with the Schools of Ohio Risk Sharing Authority (SORSA) to provide insurance coverage in the following amounts:

<u>Type of Coverage</u>	<u>Amount</u>
Building and contents (replacement cost)	\$30,482,842
Flood Liability	2,000,000
General liability: Per occurrence	6,000,000
Automobile liability: Combined single limit	6,000,000
Bodily injury per occurrence	5,000
Employee benefits	6,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

B. Bonding

Public officials bonds of \$20,000 are maintained for the Superintendent and the Board President by Western Surety Company. The Treasurer is covered by Travelers Casualty and Surety Company of America in the amount of \$20,000.

C. Workers' Compensation

For fiscal year 2011, the District participated in the OASBO/CompManagement, Inc. Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Media/Financial Reports*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$201,561, \$220,456 and \$154,031, respectively; 48.63 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The 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 under "*Publications*".

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

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 13 - PENSION PLANS – (Continued)

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 fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$682,733, \$679,382 and \$687,664, respectively; 83.83 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$21,646 made by the District and \$15,461 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Media/Financial Reports".

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$50,725, \$33,627 and \$93,211, respectively; 48.63 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$12,971, \$13,110 and \$12,709, respectively; 48.63 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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 under "Publications" 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 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$52,518, \$52,260 and \$52,897, respectively; 83.83 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).
- (e) The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (605,893)
Net adjustment for revenue accruals	223,986
Net adjustment for expenditure accruals	64,128
Net adjustment for other sources/uses	19,765
Funds budgeted elsewhere	(6,648)
Adjustment for encumbrances	81,646
GAAP basis	\$ (223,016)

Some funds are included in the general fund (GAAP-basis), but have separate legally adopted budgets (budget basis). The funds include uniform school supplies, mental health rotary, underground storage tank fund and public school support fund.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 16 - CONTINGENCIES

A. Grants

The District receives financial assistance from Federal, State and local 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 of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District at June 30, 2011.

B. Litigation

The District is party to legal proceedings which, in the opinion of District management, will not have a material effect, if any, on the financial condition of the District.

NOTE 17 - SET-ASIDES

The 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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. These amounts must be 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 and capital improvements. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	165,585	165,585
Current year qualifying expenditures	(94,380)	(20,911)
Excess qualified expenditures from prior years	(204,927)	-
Current year offsets	<u>-</u>	<u>(253,853)</u>
Total	<u>\$ (133,722)</u>	<u>\$ (109,179)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. The set-aside balance at June 30, 2010 for textbooks was moved to excess qualified expenditures from prior years, due to law change. The negative balance at June 30, 2011 was not present as being carried forward to the future fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General	\$ 73,090
Permanent improvement	5,335,673
Other governmental	<u>68,279</u>
 Total	 <u>\$ 5,477,042</u>

NOTE 19 – SIGNIFICANT SUBSEQUENT EVENTS

On September 21, 2011, the District issued a \$1,086,754 House Bill 264 energy conservation loan with a 5.59 percent interest rate, to provide for energy improvements to various District buildings. On December 15, 2011, the District issued \$6,000,000 General Obligation School Facilities Improvement Bonds, Series 2011. The Bonds were issued for the purpose of constructing, renovating, remodeling, add to, furnishing, equipping and otherwise improving School District buildings and facilities and to provide the amount necessary to refund \$6,000,000 of the notes originally issued to pay costs of the project that are to mature of January 19, 2012.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Grantor Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
US DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
National School Lunch Program - 2010	N/A	10.555	\$ 18,035	-	\$ 18,035	-
National School Lunch Program - 2011	N/A	10.555	93,429	\$ 19,065	93,429	\$ 19,065
Total National School Lunch Program			<u>111,464</u>	<u>19,065</u>	<u>111,464</u>	<u>19,065</u>
Total Child Nutrition Cluster			<u>111,464</u>	<u>19,065</u>	<u>111,464</u>	<u>19,065</u>
Total US Department of Agriculture			<u>111,464</u>	<u>19,065</u>	<u>111,464</u>	<u>19,065</u>
US DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster (IDEA):						
Special Education - Grants to States (IDEA, Part B) - 2010	N/A	84.027	(2,861)		15,509	
Special Education - Grants to States (IDEA, Part B) - 2011	N/A	84.027	207,531		167,365	
ARRA - Special Education - Grants to States (IDEA, Part B) - 2010	N/A	84.391	(4,500)		33,901	
ARRA - Special Education - Grants to States (IDEA, Part B) - 2011	N/A	84.391	57,629		49,516	
Total Special Education Cluster (IDEA)			<u>257,799</u>	<u>-</u>	<u>266,291</u>	<u>-</u>
Title I, Part A Cluster:						
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) - 2010	N/A	84.010	3,224		11,753	
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) - 2011	N/A	84.010	114,596		96,130	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act - 2010	N/A	84.389	(593)		-	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act - 2011	N/A	84.389	27,982		26,598	
Total Title I, Part A Cluster			<u>145,209</u>	<u>-</u>	<u>134,481</u>	<u>-</u>
Education Technology State Grants - 2011	N/A	84.318	275	-	275	-
Improving Teacher Quality State Grants - 2010	N/A	84.367	535		1,545	
Improving Teacher Quality State Grants - 2011	N/A	84.367	42,534		40,470	
Total Improving Teacher Quality State Grants			<u>43,069</u>	<u>-</u>	<u>42,015</u>	<u>-</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund) - 2010	N/A	84.394	-		8,300	
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund) - 2011	N/A	84.394	189,307		164,532	
Total State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)			<u>189,307</u>	<u>-</u>	<u>172,832</u>	<u>-</u>
Total US Department of Education			<u>635,659</u>	<u>-</u>	<u>615,894</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 747,123</u>	<u>\$ 19,065</u>	<u>\$ 727,358</u>	<u>\$ 19,065</u>

The accompanying notes are an integral part of this schedule.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amounts from 2010 to 2011 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2010 to 2011</u>
Special Education - Grants to States	84.027	\$2,861
ARRA - Special Education – Grants to States	84.391	4,500
ARRA - Title I Grants to Local Educational Agencies	84.389	593

CFDA – Catalog of Federal Domestic Assistance.

N/A – Not applicable.



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

Columbia Local School District
Lorain County
25796 Royalton Road
Columbia Station, Ohio 44028

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbia Local School District, Lorain County, Ohio, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 20, 2012, wherein we noted the District implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and restated the June 30, 2010 fund balances of the Governmental Funds due to a change in fund structure. 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 did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 20, 2012.

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

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

Dave Yost
Auditor of State

January 20, 2012



Dave Yost • 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

Columbia Local School District
Lorain County
25796 Royalton Road
Columbia Station, Ohio 44028

To the Board of Education:

Compliance

We have audited the compliance of the Columbia Local School District, Lorain County, Ohio, (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 could directly and materially affect each of the Columbia Local School District's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. 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 opine on the District's compliance based on our audit.

Our compliance audit followed 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*. These 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 these 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 Columbia Local School District, Lorain County, Ohio, complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over 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 noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 20, 2012.

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



Dave Yost
Auditor of State

January 20, 2012

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	<p>1. Special Education Cluster (IDEA): Special Education – Grants to States (IDEA, Part B), / CFDA #84.027 ARRA – Special Education – Grants to States (IDEA, Part B), / CFDA #84.391</p> <p>2. Title I, Part A Cluster: Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) / CFDA #84.010 ARRA – Title I Grants to Local Educational Agencies, Recovery Act / CFDA #84.389</p>
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Columbia Local School District
Lorain County
25796 Royalton Road
Columbia Station, Ohio 44028

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on May 19, 2010, to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

Dave Yost
Auditor of State

January 20, 2012

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COLUMBIA LOCAL SCHOOL DISTRICT

LORAIN 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
FEBRUARY 14, 2012**