



Dave Yost • Auditor of State



**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Statement of Net Position .....	14
Statement of Activities.....	15
Balance Sheet – Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund .....	20
Statement of Fund Net Position – Internal Service Fund.....	21
Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Fund .....	22
Statement of Cash Flows – Internal Service Fund .....	23
Statement of Fiduciary Assets and Liabilities – Agency Fund .....	24
Notes to the Basic Financial Statements .....	25
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of The Net Pension Liability School Employees Retirement System of Ohio .....	R2
Schedule of the School District's Proportionate Share of The Net Pension Liability State Teachers Retirement System of Ohio .....	R3
Schedule of the School District's Contributions School Employees Retirement System of Ohio .....	R4
Schedule of the School District's Contributions State Teachers Retirement System of Ohio .....	R6
Schedule of Federal Awards Receipts and Expenditures.....	63
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	64

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Required By <i>Government Auditing Standards</i> .....	65
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program And On Internal Control Over Compliance Required By OMB Circular A-133 .....	67
Schedule of Findings.....	69



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Columbiana Exempted Village School District, Columbiana County, Ohio (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Columbiana Exempted Village School District, Columbiana County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 24 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

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

February 18, 2016

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## **Columbiana Exempted Village School District**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

*Unaudited*

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The discussion and analysis of Columbiana Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for 2015 are as follows:

- ❖ Net position increased in fiscal year 2015 primarily due to an increase in net capital assets resulting from current year additions exceeding current year deletions and depreciation as well as to a drop in long-term obligations resulting from the continued pay-down of long-term debt and a reduction in the net pension liability.
- ❖ The School District implemented GASB 68 and GASB 71, which establish standards for measuring and recognizing pension liabilities, deferred outflows/inflows of resources and expense/expenditure. The implementation of these GASB statements resulted in a significant change to the financial statements for the School District.
- ❖ The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.
- ❖ Technology is integrated into the curriculum at all grade levels. The School District is committed to a learning community where technology will:
  - Enhance student learning and independence,
  - Facilitate learning in an environment where students are active participants,
  - Improve the administration of the School District,
  - Be utilized by the professional staff effectively,
  - Be utilized across the curriculum, and
  - Enable students to appreciate the role of technology beyond the school environment.

### **Using this Annual Financial Report**

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

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

## Columbiana Exempted Village School District

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

*Unaudited*

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### **Reporting the School District as a Whole**

#### *Statement of Net Position and the Statement of Activities*

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2015?" The *Statement of Net Position* and the *Statement of Activities* answers this question. These statements include all *assets and deferred outflows of resources and liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The School District's statement of net position and statement of activities can be found on pages 14 and 15 of this report.

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

#### *Fund Financial Statements*

The analysis of the School District's major funds begins on page 11. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and permanent improvement fund.

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

## Columbiana Exempted Village School District

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

*Unaudited*

**Proprietary Funds** The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for unanticipated run-off claims. The basic proprietary fund financial statements can be found on pages 21-23 of this report.

**Fiduciary Funds** The School District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The School District's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 24. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

### The School District as a Whole

You may recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2015 compared to 2014:

**Table 1**  
**Net Position**

	2015	2014	Change
<b>Assets:</b>			
Current and Other Assets	\$10,242,205	\$10,006,398	\$235,807
Capital Assets, Net	13,163,644	12,959,479	204,165
<i>Total Assets</i>	23,405,849	22,965,877	439,972
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Refunding	320,868	344,636	(23,768)
Pension	820,600	644,401	176,199
<i>Total Deferred Outflows of Resources</i>	1,141,468	989,037	152,431
<b>Liabilities:</b>			
Current and Other Liabilities	1,087,195	1,050,193	(37,002)
Long-term Liabilities			
Due within One Year	443,105	433,263	(9,842)
Due in More Than One Year			
Net Pension Liability	11,066,477	13,156,622	2,090,145
Other Amounts	14,575,702	14,886,378	310,676
<i>Total Liabilities</i>	27,172,479	29,526,456	2,353,977
<b>Deferred Inflows of Resources:</b>			
Property Taxes	3,952,419	3,440,087	(512,332)
Pension	2,011,291	0	(2,011,291)
<i>Total Deferred Inflows of Resources</i>	5,963,710	3,440,087	(2,523,623)
<b>Net Position:</b>			
Net Investment (Deficit) in Capital Assets	80,919	(414,605)	495,524
Restricted:			
Capital Projects	1,058,773	1,119,286	(60,513)
Other Purposes	163,865	150,118	13,747
Unrestricted (Deficit)	(9,892,429)	(9,866,428)	(26,001)
<i>Total Net Position</i>	(\$8,588,872)	(\$9,011,629)	\$422,757

## Columbiana Exempted Village School District

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

*Unaudited*

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During 2015, the School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

## Columbiana Exempted Village School District

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

*Unaudited*

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$3,500,592 to (\$9,011,629).

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the overall financial position of the School District has improved as evidenced by the increase in net position. The increase in net position was mainly due to an increase in capital assets resulting from current year additions outpacing current year deletions and depreciation as well as to a drop in long-term liabilities attributable to the continued pay-down of debt obligations.

Table 2 shows the change in net position for fiscal year 2015. A comparative analysis of government-wide data is presented.

**Table 2**  
**Change in Net Position**

	2015	2014	Change
<b>Revenues</b>			
<i>Program Revenues</i>			
Charges for Services and Sales	\$1,505,632	\$1,513,749	(\$8,117)
Operating Grants and Contributions	1,344,809	1,362,391	(17,582)
Capital Grants and Contributions	149,334	215,457	(66,123)
<i>Total Program Revenues</i>	<u>2,999,775</u>	<u>3,091,597</u>	<u>(91,822)</u>
<i>General Revenues</i>			
Property Taxes	3,969,059	3,927,150	41,909
Income Taxes	1,775,127	1,796,279	(21,152)
Grants and Entitlements	2,915,430	2,792,048	123,382
Investment Earnings	37,980	30,339	7,641
Unrestricted Contributions	9,398	10,161	(763)
Miscellaneous	7,144	27,062	(19,918)
<i>Total General Revenues</i>	<u>8,714,138</u>	<u>8,583,039</u>	<u>131,099</u>
<b>Total Revenues</b>	<u>11,713,913</u>	<u>11,674,636</u>	<u>39,277</u>
<b>Program Expenses</b>			
Instruction	6,897,148	6,760,080	(137,068)
Support Services:			
Pupil and Instructional Staff	706,810	698,766	(8,044)
Board of Education, Administration and Fiscal	1,162,345	1,196,317	33,972
Operation and Maintenance of Plant	704,040	625,679	(78,361)
Pupil Transportation	388,705	390,369	1,664
Central	4,114	128	(3,986)
Food Service Operations	290,408	301,347	10,939
Extracurricular Activities	511,838	503,090	(8,748)
Interest and Fiscal Charges	625,748	828,225	202,477
<b>Total Program Expenses</b>	<u>11,291,156</u>	<u>11,304,001</u>	<u>12,845</u>
Change in Net Position	422,757	370,635	52,122
<i>Net Position Beginning of Year</i>	<u>(9,011,629)</u>	N/A	
<i>Net Position End of Year</i>	<u>(\$8,588,872)</u>	<u>(\$9,011,629)</u>	<u>\$422,757</u>

**Columbiana Exempted Village School District**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited*

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The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$644,401 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$460,781. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$11,291,156
2015 Pension expense under GASB 68	(460,781)
2015 contractually required contribution	<u>715,834</u>
Adjusted 2015 program expenses	11,546,209
Total 2014 program expenses under GASB 27	<u>11,304,001</u>
Increase in program expenses not related to pension	<u><u>\$242,208</u></u>

Total revenues increased in fiscal year 2015, despite a drop in program revenues, due to a rise in both property taxes and State Foundation monies.

Program expenses not related to pension increased in fiscal year 2015 due to higher purchased service costs relating to tuition paid to other districts as well as to an increase in salaries expense resulting from certified and classified contracted salary raises ranging from 1.9 to 2.9 percent.

The School District is at the 20 mill floor for property taxes so it realizes growth in tax revenue after each reappraisal during normal economic times. However, indications are, due to current economic conditions, growth will be minimal for the next several years. Also, as new homes are built, the School District will realize growth in both property tax revenue and School District income tax revenue. There are several areas located within the School District that have been approved for residential development. The largest is the Links at Firestone which includes plans for approximately 575 units to be built including homes, villas and condos. The prices of single family homes range from the high \$200,000s to the \$500,000s and villas start in the low \$200,000s. To date, approximately 175 units have been built. Another large development, Old Saybrook, includes plans for approximately 275 units including primarily single family homes and some triplex townhomes. Approximately 50 units have been built to date. The Terra Verde development has included construction of eight new homes in the last few years and another 18 lots are available.

The School District is a member of the Portage Area School Consortium. The Consortium is a shared risk pool created pursuant to State statute for the purpose of maximizing benefits and/or reducing costs of health care benefits. To date the Consortium has been an overwhelming success as the School District allowed for only minimal increases in premiums over the past several fiscal years.

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

## Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

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

**Table 3**  
**Cost of Services**

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Instruction	\$6,897,148	(\$4,901,150)	\$6,760,080	(\$5,026,944)
Support Services:				
Pupil and Instructional Staff	706,810	(591,803)	698,766	(494,870)
Board of Education, Administration and Fiscal	1,162,345	(990,496)	1,196,317	(1,007,783)
Operation and Maintenance of Plant	704,040	(608,227)	625,679	(533,864)
Pupil Transportation	388,705	(343,154)	390,369	(22,264)
Central	4,114	(3,587)	128	(110)
Food Service Operations	290,408	465	301,347	(30,197)
Extracurricular Activities	511,838	(227,681)	503,090	(268,147)
Interest and Fiscal Charges	625,748	(625,748)	828,225	(828,225)
<i>Total</i>	<u>\$11,291,156</u>	<u>(\$8,291,381)</u>	<u>\$11,304,001</u>	<u>(\$8,212,404)</u>

### The School District's Funds

These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,771,736 and expenditures of \$12,291,826. The general fund had a decrease in fund balance resulting mainly from an increase in instructional services and capital outlay expenditures. Higher instructional service costs can be attributed to an increase in purchase services relating to tuition paid to other school districts as well as to an increase in certified salaries resulting from a 1.9 percent base raise. Higher capital outlay expenditures can be attributed to the cost of a new roof for South Side Middle School building as well as to the purchase of equipment and school buses. The permanent improvement capital projects fund saw a decrease in fund balance due to a drop in intergovernmental monies as well as to an increase in debt service expenditures.

### General Fund Budgeting Highlights

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

During the course of fiscal 2015, the School District amended its general fund budget numerous times, none significant. The School District uses site-based budgeting. The budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

## Columbiana Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

For the general fund, the final budget basis revenue was higher than the original budget estimate due mainly to increases in property taxes and intergovernmental revenues.

The final budget appropriations were higher than the original budget appropriations of the general fund. The change was attributed to increases in instructional activities and support services due to higher estimated expenditures as the School District's current year requirements became more apparent.

### Capital Assets and Debt Administration

#### Capital Assets

Table 4 shows fiscal year 2014 values compared to fiscal year 2015.

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

	2015	2014	Change
Land	\$177,777	\$177,777	\$0
Buildings and Improvements	12,403,252	12,309,594	93,658
Furniture and Equipment	65,240	73,949	(8,709)
Vehicles	517,375	398,159	119,216
<i>Total</i>	<u>\$13,163,644</u>	<u>\$12,959,479</u>	<u>\$204,165</u>

Capital assets increased during fiscal year 2015 due to current year additions outpacing current year deletions and depreciation. Current year additions included building and improvements, furniture and fixtures and the purchase of new school buses. The School District continues its ongoing commitment to maintaining and improving its capital assets. More detailed information is presented in Note 11 of the notes to the basic financial statements.

#### Debt

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

**Table 5**  
**Outstanding Debt at Year End**

	2015	2014	Change
2010 Certificates of Participation	\$7,293,225	\$7,536,427	(\$243,202)
2011 Certificates of Participation	852,118	876,798	(24,680)
2014 Certificates of Participation	5,400,764	5,472,818	(72,054)
2011 Qualified School Construction Bonds	707,668	772,001	(64,333)
2012 Limited Tax General Obligation Bonds	140,000	150,000	(10,000)
Capital Lease	195,041	8,970	186,071
Totals	<u>\$14,588,816</u>	<u>\$14,817,014</u>	<u>(\$228,198)</u>

At June 30, 2015, the School District's overall legal debt margin was \$15,528,860 with an unvoted debt margin of \$180,742. The debt is well within permissible limits. The School District maintains an A bond rating from Standard and Poors. More detailed information is presented in Note 15 of the notes to the basic financial statements.



## **Columbiana Exempted Village School District**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

*Unaudited*

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### **Current Financial Related Activities**

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

Management must continue to diligently plan expenses, staying carefully within the School District's financial forecast. Additional revenues must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon on the life of the levies. The School District's October 2015 five-year forecast projects the School District being in the black throughout the next five years, however, expenses are expected to exceed revenues every year throughout the forecast period decreasing cash balances. Plans are already in place to address this through staffing and monitoring of expenses. All of the School Districts' financial abilities will be needed to meet the challenges of the future.

Based on the School District's 2014 school report card (most recent information available per Ohio Department of Education), the School District met 24 out of 24 possible indicators which garnered an "A" under the Ohio Department of Education's rating system. This followed seven years of being rated "Excellent" by the Ohio Department of Education. The School District takes pride in the achievements of our students and staff and strives to provide the best opportunities for students.

### **Contacting the School District's Financial Management**

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

**Columbiana Exempted Village School District**

*Statement of Net Position*

*June 30, 2015*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,757,995
Cash and Cash Equivalents with Fiscal Agents	183,954
Accrued Interest Receivable	897
Accounts Receivable	384
Intergovernmental Receivable	78,393
Property Taxes Receivable	4,530,590
Income Taxes Receivable	689,992
Nondepreciable Capital Assets	177,777
Depreciable Capital Assets, Net	12,985,867
<i>Total Assets</i>	<u>23,405,849</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	320,868
Pension	820,600
<i>Total Deferred Outflows of Resources</i>	<u>1,141,468</u>
<b>Liabilities</b>	
Accounts Payable	39,871
Accrued Wages and Benefits	809,523
Intergovernmental Payable	181,456
Accrued Interest Payable	52,290
Matured Compensated Absences Payable	4,055
Long-Term Liabilities:	
Due Within One Year	443,105
Due In More Than One Year:	
Net Pension Liability (See Note 12)	11,066,477
Other Amounts	14,575,702
<i>Total Liabilities</i>	<u>27,172,479</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	3,952,419
Pension	2,011,291
<i>Total Deferred Inflows of Resources</i>	<u>5,963,710</u>
<b>Net Position</b>	
Net Investment in Capital Assets	80,919
Restricted for:	
Capital Projects	1,058,773
Other Purposes	163,865
Unrestricted (Deficit)	(9,892,429)
<i>Total Net Position</i>	<u><u>(\$8,588,872)</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2015*

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants	Revenue and Changes in Net Position
<b>Governmental Activities</b>					
Instruction:					
Regular	\$5,298,936	\$620,000	\$227,452	\$149,334	(\$4,302,150)
Special	1,578,874	145,309	850,984	0	(582,581)
Vocational	19,338	2,620	299	0	(16,419)
Support Services:					
Pupil	451,096	56,635	13,832	0	(380,629)
Instructional Staff	255,714	30,182	14,358	0	(211,174)
Board of Education	20,167	2,637	0	0	(17,530)
Administration	783,761	103,992	0	0	(679,769)
Fiscal	358,417	43,794	21,426	0	(293,197)
Operation and Maintenance of Plant	704,040	95,813	0	0	(608,227)
Pupil Transportation	388,705	45,551	0	0	(343,154)
Central	4,114	527	0	0	(3,587)
Operation of Non-Instructional Services:					
Food Service Operations	290,408	113,184	177,689	0	465
Extracurricular Activities	511,838	245,388	38,769	0	(227,681)
Interest and Fiscal Charges	625,748	0	0	0	(625,748)
<b>Total Primary Government</b>	<b>\$11,291,156</b>	<b>\$1,505,632</b>	<b>\$1,344,809</b>	<b>\$149,334</b>	<b>(8,291,381)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	3,247,363
Capital Projects	721,696
Income Taxes Levied for General Purposes	1,775,127
Grants and Entitlements not Restricted to Specific Programs	2,915,430
Unrestricted Contributions	9,398
Investment Earnings	37,980
Miscellaneous	7,144

**Total General Revenues** 8,714,138

Change in Net Position 422,757

Net Position Beginning of Year -  
Restated (See Note 24) (9,011,629)

Net Position End of Year (\$8,588,872)

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Balance Sheet  
Governmental Funds  
June 30, 2015*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,311,906	\$970,404	\$223,214	\$4,505,524
Cash and Cash Equivalents with Fiscal Agents	86,929	0	97,025	183,954
Accrued Interest Receivable	897	0	0	897
Accounts Receivable	300	0	84	384
Intergovernmental Receivable	0	0	78,393	78,393
Interfund Receivable	17,725	0	0	17,725
Property Taxes Receivable	3,723,527	807,063	0	4,530,590
Income Taxes Receivable	689,992	0	0	689,992
<i>Total Assets</i>	<u>\$7,831,276</u>	<u>\$1,777,467</u>	<u>\$398,716</u>	<u>\$10,007,459</u>
<b>Liabilities</b>				
Accounts Payable	\$39,589	\$0	\$282	\$39,871
Accrued Wages and Benefits	739,215	0	70,308	809,523
Intergovernmental Payable	163,856	0	17,600	181,456
Interfund Payable	0	0	17,725	17,725
Matured Compensated Absences Payable	4,055	0	0	4,055
<i>Total Liabilities</i>	<u>946,715</u>	<u>0</u>	<u>105,915</u>	<u>1,052,630</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	3,233,725	718,694	0	3,952,419
Unavailable Revenue	437,407	76,548	18,534	532,489
<i>Total Deferred Inflows of Resources</i>	<u>3,671,132</u>	<u>795,242</u>	<u>18,534</u>	<u>4,484,908</u>
<b>Fund Balances</b>				
Restricted	0	982,225	286,817	1,269,042
Committed	71,000	0	0	71,000
Assigned	578,243	0	0	578,243
Unassigned (Deficit)	2,564,186	0	(12,550)	2,551,636
<i>Total Fund Balances</i>	<u>3,213,429</u>	<u>982,225</u>	<u>274,267</u>	<u>4,469,921</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$7,831,276</u>	<u>\$1,777,467</u>	<u>\$398,716</u>	<u>\$10,007,459</u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2015*

<b>Total Governmental Fund Balances</b>	\$4,469,921
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,163,644
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	513,955
Grants	18,534
	532,489
Total	532,489
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of activities.	252,471
In the statement of activities, interest is accrued on outstanding bonds, where as in governmental funds, an interest expenditure is reported when due.	(52,290)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - Pension	820,600
Deferred Inflows - Pension	(2,011,291)
Net Pension Liability	(11,066,477)
	(12,257,168)
Total	(12,257,168)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Certificates of Participation	(13,546,107)
Qualified School Construction Bonds	(707,668)
Limited Tax General Obligation Bonds	(140,000)
Capital Leases	(195,041)
Compensated Absences	(429,991)
Deferred Charge on Refunding	320,868
	(14,697,939)
Total	(14,697,939)
<i>Net Position of Governmental Activities</i>	<u><u>(8,588,872)</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2015*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$3,302,123	\$734,122	\$0	\$4,036,245
Income Taxes	1,775,127	0	0	1,775,127
Intergovernmental	3,283,507	149,334	928,600	4,361,441
Interest	37,949	0	31	37,980
Tuition and Fees	1,161,763	0	0	1,161,763
Rentals	12,594	0	0	12,594
Extracurricular Activities	66,709	0	151,382	218,091
Contributions and Donations	9,398	0	38,769	48,167
Charges for Services	0	0	113,184	113,184
Miscellaneous	7,144	0	0	7,144
<i>Total Revenues</i>	<u>9,656,314</u>	<u>883,456</u>	<u>1,231,966</u>	<u>11,771,736</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,893,624	0	237,761	5,131,385
Special	1,159,200	0	468,096	1,627,296
Vocational	20,996	0	0	20,996
Support Services:				
Pupil	439,070	0	14,645	453,715
Instructional Staff	232,971	0	18,110	251,081
Board of Education	20,551	0	0	20,551
Administration	800,419	0	0	800,419
Fiscal	340,557	0	22,562	363,119
Operation and Maintenance of Plant	649,477	0	0	649,477
Pupil Transportation	355,041	0	0	355,041
Central	4,106	0	0	4,106
Operation of Non-instructional Services:				
Food Service Operations	0	0	286,864	286,864
Extracurricular Activities	275,328	0	220,227	495,555
Capital Outlay	699,060	24,390	0	723,450
Debt Service:				
Principal Retirement	135,265	340,000	0	475,265
Interest and Fiscal Charges	66,353	567,153	0	633,506
<i>Total Expenditures</i>	<u>10,092,018</u>	<u>931,543</u>	<u>1,268,265</u>	<u>12,291,826</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(435,704)</u>	<u>(48,087)</u>	<u>(36,299)</u>	<u>(520,090)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	4,400	0	0	4,400
Inception of Capital Lease	247,003	0	0	247,003
Transfers In	0	0	50,000	50,000
Transfers Out	(50,000)	0	0	(50,000)
<i>Total Other Financing Sources (Uses)</i>	<u>201,403</u>	<u>0</u>	<u>50,000</u>	<u>251,403</u>
<i>Net Change in Fund Balances</i>	<u>(234,301)</u>	<u>(48,087)</u>	<u>13,701</u>	<u>(268,687)</u>
<i>Fund Balances Beginning of Year</i>	<u>3,447,730</u>	<u>1,030,312</u>	<u>260,566</u>	<u>4,738,608</u>
<i>Fund Balances End of Year</i>	<u>\$3,213,429</u>	<u>\$982,225</u>	<u>\$274,267</u>	<u>\$4,469,921</u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2015*

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**Net Change in Fund Balances -Total Governmental Funds** (\$268,687)

*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 outlay exceeded depreciation in the current period.

Capital Asset Additions	685,040
Current Year Depreciation	<u>(476,271)</u>

Total	208,769
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Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (4,604)

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

Delinquent Property Taxes	(67,186)
Grants	<u>9,363</u>

Total	(57,823)
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Other financial sources, such as inception of capital lease, in the governmental funds increase long-term liabilities in the statement of net position. (247,003)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 475,265

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

Accrued Interest	31,590
Amortization of Premium on Bonds	3,202
Amortization of Discount on Bonds	(3,266)
Amortization of Deferred Charge on Refunding	<u>(23,768)</u>

Total	7,758
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Contractual required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 715,834

Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as pension expense in the statement of activities. (460,781)

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. 72,636

The internal service fund used by management to charge the individual funds is reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. (18,607)

*Change in Net Position of Governmental Activities* \$422,757

**Columbiana Exempted Village School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2015*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Property Taxes	\$3,226,009	\$3,293,762	\$3,293,762	\$0
Income Taxes	1,786,471	1,823,990	1,823,990	0
Intergovernmental	3,228,572	3,294,933	3,294,933	0
Interest	30,273	31,944	31,944	0
Tuition and Fees	1,137,572	1,161,463	1,161,463	0
Rentals	12,335	12,594	12,594	0
Contributions and Donations	137	140	140	0
Miscellaneous	6,595	7,144	7,144	0
<i>Total Revenues</i>	<u>9,427,964</u>	<u>9,625,970</u>	<u>9,625,970</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,721,392	4,852,193	4,852,193	0
Special	1,167,527	1,175,180	1,175,180	0
Vocational	23,440	23,500	23,500	0
Support Services:				
Pupil	465,352	495,570	495,570	0
Instructional Staff	201,311	231,574	231,574	0
Board of Education	19,856	20,687	20,687	0
Administration	825,590	804,813	804,813	0
Fiscal	369,214	348,513	348,513	0
Operation and Maintenance of Plant	652,768	704,770	704,770	0
Pupil Transportation	412,569	435,974	435,974	0
Central	5,000	4,106	4,106	0
Extracurricular Activities	195,284	212,571	212,571	0
Capital Outlay	739,770	561,785	561,785	0
Debt Service:				
Principal Retirement	64,333	64,333	64,333	0
Interest and Fiscal Charges	60,313	60,313	60,313	0
<i>Total Expenditures</i>	<u>9,923,719</u>	<u>9,995,882</u>	<u>9,995,882</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(495,755)	(369,912)	(369,912)	0
<b>Other Financing Sources (Uses)</b>				
Transfers Out	0	(50,000)	(50,000)	0
<i>Net Change in Fund Balance</i>	(495,755)	(419,912)	(419,912)	0
<i>Fund Balance Beginning of Year</i>	2,813,430	2,813,430	2,813,430	0
Prior Year Encumbrances Appropriated	662,695	662,695	662,695	0
<i>Fund Balance End of Year</i>	<u>\$2,980,370</u>	<u>\$3,056,213</u>	<u>\$3,056,213</u>	<u>\$0</u>

See accompanying notes to the basic financial statements



**Columbiana Exempted Village School District**

*Statement of Fund Net Position*

*Internal Service Fund*

*June 30, 2015*

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	<u>Self Insurance</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$252,471
<b>Liabilities</b>	
	<u>0</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$252,471</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Statement of Revenues,*

*Expenses and Changes in Fund Net Position*

*Internal Service Fund*

*For the Fiscal Year Ended June 30, 2015*

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	Self Insurance
<b>Operating Revenues</b>	<u>\$0</u>
<b>Operating Expenses</b>	
Salaries	14,000
Fringe Benefits	2,105
Materials and Supplies	<u>2,502</u>
<i>Total Operating Expenses</i>	<u>18,607</u>
<i>Operating Income (Loss)</i>	(18,607)
<i>Net Position Beginning of Year</i>	<u>271,078</u>
<i>Net Position End of Year</i>	<u><u>\$252,471</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Statement of Cash Flows*

*Internal Service Fund*

*For the Fiscal Year Ended June 30, 2015*

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	<u>Self Insurance</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Payments to Employees for Services	(\$14,000)
Cash Payments for Employee Benefits	(2,105)
Cash Payments for Goods and Services	<u>(2,502)</u>
<i>Net Cash (Provided by) Used In Operating Activities</i>	(18,607)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>271,078</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$252,471</u></u>

See accompanying notes to the basic financial statements

**Columbiana Exempted Village School District**

*Statement of Fiduciary Assets and Liabilities*

*Agency Fund*

*June 30, 2015*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$34,885</u>
<b>Liabilities</b>	
Due to Students	<u>\$34,885</u>

See accompanying notes to the basic financial statements

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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

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

The School District was established in 1890 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 18 square miles. It is located in Columbiana and Mahoning Counties, and includes all of the City of Columbiana and portions of Fairfield, Beaver and Springfield Townships. The School District is staffed by 41 non-certificated employees, 72 certificated full-time teaching personnel and 7 administrative employees who provide services to 1,053 students. The School District currently operates 3 instructional buildings and 1 bus garage.

#### *Reporting Entity*

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

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

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

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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### **Note 2 - Summary of Significant Accounting Policies**

The financial statements of Columbiana Exempted Village School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies follow.

#### ***Basis of Presentation***

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

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

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

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

#### ***Fund Accounting***

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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

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

**Permanent Improvement Capital Projects Fund** The permanent improvement fund receives property taxes for transactions restricted for acquiring, constructing or improving capital facilities.

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

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

**Internal Service Fund** This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The School District utilizes an internal service fund to account for any unanticipated run-off claims not covered by their Shared Risk Pool's reserve as well as monies paid to employees who opt out of the School District's insurance program. Any left over money is used for health and wellness related activities.

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

### **Measurement Focus**

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

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and all liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

### ***Basis of Accounting***

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

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

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

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

### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For



## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12)

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

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

### ***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

### ***Budgetary Data***

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

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue matches actual revenue for the fiscal year.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year-end.

### ***Cash and Cash Equivalents***

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

Investments are reported at fair value which is based on quoted market prices. During fiscal year 2015, investments were limited to repurchase agreements, mutual funds and negotiated certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The School District also has a bank account for monies held from the School District's central bank account related to the unreleased lease proceeds for the 2015 school buses lease. The balance in these accounts is presented on the financial statements as "cash and cash equivalents with fiscal agents".

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$37,949 which includes \$11,828 assigned from other School District funds.

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

### ***Interfund Balances***

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

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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***Capital Assets***

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

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

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

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

***Bond Premiums and Discounts***

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On the fund financial statements, bond premiums are received in the year the bonds are issued. On the governmental-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On the fund financial statements, bond discounts are expended in the year the bonds are issued.

***Deferred Charge on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

***Compensated Absences***

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

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee who has accumulated unpaid leave is paid.

### ***Accrued Liabilities and Long-Term Obligations***

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

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

### ***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services and extracurricular activities.

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

### ***Fund Balance***

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

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

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education, delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for extracurricular activities and to cover a gap between estimated revenue and appropriations in fiscal year 2016's budget.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

### ***Operating Revenues and Expenses***

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

### ***Interfund Activity***

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are eliminated.

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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

***Estimates***

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

**Note 3 – Fund Deficits**

At June 30, 2015, the following funds have deficit balances:

<b>Nonmajor Funds:</b>	
Special Revenue Funds:	
Title VI-B	\$10,551
Title I	1,999

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

**Note 4 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total
<b><i>Restricted for</i></b>				
Food Service Operations	\$0	\$0	\$75,460	\$75,460
Athletics	0	0	58,447	58,447
Non-Public Schools	0	0	43,122	43,122
Debt Service Payments	0	0	109,788	109,788
Capital Improvements	0	982,225	0	982,225
<b><i>Total Restricted</i></b>	<b>0</b>	<b>982,225</b>	<b>286,817</b>	<b>1,269,042</b>
<b><i>Committed to</i></b>				
Educational Service Center Services	71,000	0	0	71,000
<b><i>Assigned to</i></b>				
Extracurricular Activities	68,968	0	0	68,968
Purchases on Order:				
Purchased Services	44,400	0	0	44,400
Materials and Supplies	10,119	0	0	10,119
Capital Outlay	27,199	0	0	27,199
Fiscal Year 2016 Appropriations	427,557	0	0	427,557
<b><i>Total Assigned</i></b>	<b>578,243</b>	<b>0</b>	<b>0</b>	<b>578,243</b>
<b><i>Unassigned (Deficit)</i></b>	<b>2,564,186</b>	<b>0</b>	<b>(12,550)</b>	<b>2,551,636</b>
<b><i>Total Fund Balances</i></b>	<b>\$3,213,429</b>	<b>\$982,225</b>	<b>\$274,267</b>	<b>\$4,469,921</b>

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Investments are reported at cost (budget) rather than fair value (GAAP).
4. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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

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

Net Change in Fund Balance	
GAAP Basis	(\$234,301)
Net Adjustment for Revenue Accruals	(200,672)
Ending Fair Value Adjustment for Investments	(5,108)
Perspective Difference:	
Public School Support	(13,205)
Net Adjustment for Expenditure Accruals	225,716
Adjustment for Encumbrances	<u>(192,342)</u>
Budget Basis	<u><u>(\$419,912)</u></u>

### **Note 6 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;



## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

### **Deposits**

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$350,000 of the School District's bank balance of \$697,025 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

### **Investments**

As of June 30, 2015, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>	<u>Standard and Poor's Rating</u>	<u>Percentage of Total Investments</u>
Repurchase Agreement	\$2,622,106	Less than 30 days	AAA	59.63 %
Mutual Funds	17,909	Less than 30 days	AAA	N/A
Negotiable Certificates of Deposit	500,841	Less than 1 year	N/A	11.39
Negotiable Certificates of Deposit	<u>1,256,267</u>	More than 1 year	N/A	28.57
Total Investments	<u>\$4,397,123</u>			

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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

**Credit Risk** The Standard and Poor's ratings of the School Districts investments are listed in the table above. The negotiable certificates of deposit are unrated. The School District has no investment policy that addresses credit risk.

**Concentration of Credit Risk** The School District places no limit on the amount it may invest in any one issuer.

### **Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 become a lien December 31, 2013, were levied after April 1, 2014 and are collected in 2015 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Mahoning and Columbiana Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2015 was \$52,395 in the general fund and \$11,821 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2014 was \$44,034 in the general fund and \$9,869 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$173,255,600	97.30 %	\$175,065,130	96.86 %
Public Utility Personal	<u>4,808,800</u>	<u>2.70</u>	<u>5,676,420</u>	<u>3.14</u>
Total	<u>\$178,064,400</u>	<u>100.00 %</u>	<u>\$180,741,550</u>	<u>100.00 %</u>
 Tax rate per \$1,000 of assessed valuation	 \$33.50		 \$33.50	

**Note 8 – Receivables**

Receivables at June 30, 2015, consisted of taxes, intergovernmental grants, accounts and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
Title I Grant	\$46,072
Title VI-B Grant	21,596
Rural and Low Income Federal Grant	8,225
Professional Development Grant	<u>2,500</u>
Total	<u>\$78,393</u>

**Note 9 – Income Tax**

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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### Note 10 - Risk Management

#### *Property and Liability*

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the School District contracted with Liberty Mutual Insurance for various types of insurance. Coverage is as follows:

Coverage	Amount
Building and Contents - replacement cost (\$1,000 deductible)	\$39,771,900
Inland Marine Coverage (\$500 deductible)	100,000
Schedule Property (\$500 deductible)	767,950
Automobile Liability (\$500 deductible)	1,000,000
General Liability:	
Per Occurrence	3,000,000
Total Per Year	3,000,000
Commercial Umbrella Liability Policy	3,000,000

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

#### *Employee Medical, Dental and Vision Benefits*

The School District is a member of the Portage Area School Consortium (the "Consortium"), a risk sharing pool (see Note 18), through which a cooperative Health Benefit Program was created for the benefits of its members. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve.

#### *Worker's Compensation*

For fiscal year 2015, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control, and actuarial services to the GRP.

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

**Note 11 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$177,777	\$0	\$0	\$177,777
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	17,088,565	509,586	0	17,598,151
Furniture and Equipment	402,205	10,980	(6,138)	407,047
Vehicles	662,895	164,474	(100,219)	727,150
<i>Total Capital Assets, being depreciated</i>	<u>18,153,665</u>	<u>685,040</u>	<u>(106,357)</u>	<u>18,732,348</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(4,778,971)	(415,928)	0	(5,194,899)
Furniture and Equipment	(328,256)	(19,689)	6,138	(341,807)
Vehicles	(264,736)	(40,654)	95,615	(209,775)
<i>Total Accumulated Depreciation</i>	<u>(5,371,963)</u>	<u>(476,271) *</u>	<u>101,753</u>	<u>(5,746,481)</u>
<i>Total Capital Assets, being depreciated, net</i>	<u>12,781,702</u>	<u>208,769</u>	<u>(4,604)</u>	<u>12,985,867</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$12,959,479</u>	<u>\$208,769</u>	<u>(\$4,604)</u>	<u>\$13,163,644</u>

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

Instruction:	
Regular	\$346,642
Special	9,281
Support Services:	
Pupil	5,186
Instructional Staff	7,549
Administration	1,764
Fiscal	1,548
Operation and Maintenance of Plant	43,131
Pupil Transportation	39,071
Operation of Non-Instructional Services:	
Food Service Operations	6,546
Extracurricular Activities	15,553
<b>Total Depreciation Expense</b>	<u><u>\$476,271</u></u>

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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### Note 12 - Defined Benefit Pension Plans

#### *Net Pension Liability*

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

#### *Plan Description - School Employees Retirement System (SERS)*

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

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$132,383 for fiscal year 2015. Of this amount \$7,078 is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain

## **Columbiana Exempted Village School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$583,451 for fiscal year 2015. Of this amount \$87,875 is reported as an intergovernmental payable.



**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,587,972	\$9,478,505	\$11,066,477
Proportion of the Net Pension Liability	0.031377%	0.03896857%	
Pension Expense	\$93,075	\$367,706	\$460,781

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$13,515	\$91,251	\$104,766
School District contributions subsequent to the measurement date	<u>132,383</u>	<u>583,451</u>	<u>715,834</u>
Total Deferred Outflows of Resources	<u>\$145,898</u>	<u>\$674,702</u>	<u>\$820,600</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$257,732</u>	<u>\$1,753,559</u>	<u>\$2,011,291</u>

\$715,834 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	(\$61,020)	(\$415,577)	(\$476,597)
2017	(61,020)	(415,577)	(476,597)
2018	(61,020)	(415,577)	(476,597)
2019	<u>(61,157)</u>	<u>(415,577)</u>	<u>(476,734)</u>
Total	<u>(\$244,217)</u>	<u>(\$1,662,308)</u>	<u>(\$1,906,525)</u>

## Columbiana Exempted Village School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015

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### Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$2,265,564	\$1,587,972	\$1,018,059

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$13,569,513	\$9,478,505	\$6,018,889

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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### *Social Security System*

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2015, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

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

#### *School Employees Retirement System*

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$14,160.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014 and 2013 were \$22,396, \$15,397 and \$18,017, respectively. For fiscal year 2015, 94.65 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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### ***State Teachers Retirement System***

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014 and 2013 were \$0, \$40,198 and \$38,555 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

### **Note 14 - Other Employee Benefits**

#### ***Compensated Absences***

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 300 days for all personnel. Upon retirement, payment is made according to negotiated agreements.

#### ***Life Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to most of its employees. Life insurance is provided through Guardian Life Insurance Company of America.

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

### Note 15 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2015 were as follows:

	Principal Outstanding 06/30/14	Additions	Deductions	Principal Outstanding 06/30/15	Amount Due in One Year
<b>Governmental Activities</b>					
<b>Certificates of Participation (COP)</b>					
2010 COP					
Current Interest Serial COP 2.0 - 3.625%	\$1,860,000	\$0	(\$240,000)	\$1,620,000	\$260,000
Current Interest Term COP 4.0 - 5.0%	5,630,000	0	0	5,630,000	0
Premium on COP	46,427	0	(3,202)	43,225	0
<i>Total 2010 COP</i>	<u>7,536,427</u>	<u>0</u>	<u>(243,202)</u>	<u>7,293,225</u>	<u>260,000</u>
2011 COP					
Tax Exempt Serial COP 1.0 - 3.5%	440,000	0	(25,000)	415,000	35,000
Tax Exempt Term COP 3.9%	440,000	0	0	440,000	0
Discount on COP	(3,202)	0	320	(2,882)	0
<i>Total 2011 COP</i>	<u>876,798</u>	<u>0</u>	<u>(24,680)</u>	<u>852,118</u>	<u>35,000</u>
2014 COP					
Current Interest Serial COP 3.125 - 4.00%	1,300,000	0	0	1,300,000	0
Current Interest Term COP 1.00 - 4.50%	4,245,000	0	(75,000)	4,170,000	15,000
Discount on COP	(72,182)	0	2,946	(69,236)	0
<i>Total 2014 COP</i>	<u>5,472,818</u>	<u>0</u>	<u>(72,054)</u>	<u>5,400,764</u>	<u>15,000</u>
<i>Total Certificates of Participation</i>	<u>13,886,043</u>	<u>0</u>	<u>(339,936)</u>	<u>13,546,107</u>	<u>310,000</u>
<b>Other Long-term Obligations</b>					
Net Pension Liability					
STRS	11,290,733	0	(1,812,228)	9,478,505	0
SERS	1,865,889	0	(277,917)	1,587,972	0
Total Net Pension Liability	<u>13,156,622</u>	<u>0</u>	<u>(2,090,145)</u>	<u>11,066,477</u>	<u>0</u>
2011 Qualified School Construction Bonds 6.25%	772,001	0	(64,333)	707,668	64,333
2012 Limited Tax General Obligation Bonds 2.6%	150,000	0	(10,000)	140,000	10,000
Capital Leases	8,970	247,003	(60,932)	195,041	46,904
Compensated Absences	502,627	53,849	(126,485)	429,991	11,868
<i>Total Other Long-term Obligations</i>	<u>14,590,220</u>	<u>300,852</u>	<u>(2,351,895)</u>	<u>12,539,177</u>	<u>133,105</u>
<i>Total Governmental Activities</i>	<u>\$28,476,263</u>	<u>\$300,852</u>	<u>(\$2,691,831)</u>	<u>\$26,085,284</u>	<u>\$443,105</u>

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

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

purchase the Project Facilities on any Lease Payment Date by paying \$100 plus the amount necessary to defease the indenture.

*Optional Redemption* The Series 2010 certificates maturing on or after December 1, 2021 are subject to prior redemption, on any date on or after December 1, 2020, in whole after exercise by the School District of its option to purchase the Leased Property pursuant to the Lease from the available proceeds from such purchase and in whole or part in connection with the refunding of the Series 2010 Certificates, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

The term certificates maturing on December 1, 2022, 2024, 2026, 2028 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

	Issue			
Year	\$1,400,000	\$1,185,000	\$1,400,000	\$1,645,000
2020	\$430,000	\$0	\$0	\$0
2021	465,000	0	0	0
2023	0	570,000	0	0
2025	0	0	665,000	0
2027	0	0	0	790,000
Total mandatory sinking fund payment	\$895,000	\$570,000	\$665,000	\$790,000
Amount due at stated maturity	505,000	615,000	735,000	855,000
Total	\$1,400,000	\$1,185,000	\$1,400,000	\$1,645,000
<i>State Maturity</i>	12/1/2022	12/1/2024	12/1/2026	12/1/2028

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

*Optional Redemption* The Series 2010A and 2010B certificates maturing on or after December 1, 2021 are subject to prior redemption, on any date on or after December 1, 2020, in whole after exercise by the School District of its option to purchase the Leased Property pursuant to the Lease from the available proceeds from such purchase and in whole or part in connection with the refunding of those Certificates, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.



## Columbiana Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

The term certificates maturing on December 1, 2023 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue
2021	\$440,000
2022	\$125,000
2023	140,000
Total mandatory sinking fund payment	\$265,000
Amount due at stated maturity	175,000
Total	\$440,000
Stated Maturity	12/1/2023

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

The term certificates maturing on December 1, 2016, 2023, 2030, 2032, 2034, 2036, 2038 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

Year	Issue						
	\$110,000	\$140,000	\$665,000	\$735,000	\$790,000	\$865,000	\$940,000
2015	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0
2017	0	20,000	0	0	0	0	0
2018	0	20,000	0	0	0	0	0
2019	0	20,000	0	0	0	0	0
2020	0	20,000	0	0	0	0	0
2021	0	20,000	0	0	0	0	0
2022	0	20,000	0	0	0	0	0
2029	0	0	325,000	0	0	0	0
2031	0	0	0	360,000	0	0	0
2033	0	0	0	0	385,000	0	0
2035	0	0	0	0	0	425,000	0
2037	0	0	0	0	0	0	460,000
Total mandatory sinking sinking fund payment	\$15,000	\$120,000	\$325,000	\$360,000	\$385,000	\$425,000	\$460,000
Amount due at stated maturity	20,000	20,000	340,000	375,000	405,000	440,000	480,000
Total	<u>\$35,000</u>	<u>\$140,000</u>	<u>\$665,000</u>	<u>\$735,000</u>	<u>\$790,000</u>	<u>\$865,000</u>	<u>\$940,000</u>
<i>Stated Maturity</i>	12/1/2016	12/1/2023	12/1/2030	12/1/2032	12/1/2034	12/1/2036	12/1/2038

On February 24, 2011, the School District issued \$965,000 in qualified school construction bonds for the purpose of energy savings upgrades in the School District. The bonds were issued for a 15 year period and are subject to mandatory sinking fund payments. The School District may elect to receive payments directly from the Secretary of the United States Treasury equal to 88 percent of the corresponding interest payable on this issue. The bonds will be repaid from the general fund.

On October 16, 2012, the School District issued \$160,000 in limited tax general obligation bonds for the purpose of acquiring two school busses for the School District. The bonds were issued for a 15 year period. The bonds will be repaid from the bond retirement debt service fund.

The qualified school construction bonds will be paid from the general fund fund. The compensated absences will be paid from the general fund and the food service, auxiliary services, title VI-B and title I special revenue funds. The capital lease will be paid from the general fund. The School District pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to net pension liability, see Note 12.

The overall debt margin of the School District as of June 30, 2015 was \$15,528,860 with an unvoted debt margin of \$180,742. Principal and interest requirements to retire the certificates of participation, the qualified school construction bonds and the limited tax general obligation bonds outstanding at June 30, 2015 are as follows:

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

2010 Refunding Certificates of Participation				
Fiscal Year Ending June 30	Current Interest Serial		Current Interest Term	
	Principal	Interest	Principal	Interest
2016	\$260,000	\$49,371	\$0	\$257,131
2017	285,000	41,196	0	257,131
2018	330,000	31,559	0	257,131
2019	360,000	20,077	0	257,131
2020	385,000	6,979	0	257,131
2021-2025	0	0	2,585,000	1,044,703
2026-2029	0	0	3,045,000	320,125
<b>Total</b>	<b>\$1,620,000</b>	<b>\$149,182</b>	<b>\$5,630,000</b>	<b>\$2,650,483</b>

2011 Certificates of Participation					
Fiscal Year Ending June 30,	Current Interest Serial		Current Interest Term		Total
	Principal	Interest	Principal	Interest	
2016	\$35,000	\$12,512	\$0	\$17,160	\$64,672
2017	40,000	11,594	0	17,160	68,754
2018	65,000	10,094	0	17,160	92,254
2019	75,000	7,947	0	17,160	100,107
2020	90,000	5,312	0	17,160	112,472
2021-2024	110,000	1,925	440,000	44,852	596,777
<b>Total</b>	<b>\$415,000</b>	<b>\$49,384</b>	<b>\$440,000</b>	<b>\$130,652</b>	<b>\$1,035,036</b>

2014 Certificates of Participation					
Fiscal Year Ending June 30,	Current Interest Serial		Current Interest Term		Total
	Principal	Interest	Principal	Interest	
2016	\$0	\$46,140	\$15,000	\$176,844	\$237,984
2017	0	46,140	20,000	176,669	242,809
2018	0	46,140	20,000	176,269	242,409
2019	0	46,140	20,000	175,668	241,808
2020	0	46,140	20,000	175,069	241,209
2021-2025	215,000	227,341	80,000	866,642	1,388,983
2026-2030	1,085,000	86,673	325,000	854,938	2,351,611
2031-2035	0	0	1,865,000	605,732	2,470,732
2036-2039	0	0	1,805,000	165,522	1,970,522
<b>Total</b>	<b>\$1,300,000</b>	<b>\$544,714</b>	<b>\$4,170,000</b>	<b>\$3,373,353</b>	<b>\$9,388,067</b>

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

Fiscal Year Ending June 30,	2011 Qualified School Construction Bonds			Sinking Fund Payment
	Principal	Interest	Subsidy	
2016	\$0	\$60,313	(\$53,171)	\$64,333
2017	0	60,313	(53,171)	64,333
2018	0	60,313	(53,171)	64,333
2019	0	60,313	(53,171)	64,333
2020	0	60,313	(53,171)	64,333
2021-2025	0	301,565	(265,855)	321,670
2026	965,000	30,156	(26,586)	(900,667)
<b>Total</b>	<b>\$965,000</b>	<b>\$633,286</b>	<b>(\$558,296)</b>	<b>(\$257,332)</b>

Fiscal Year Ending June 30	General Obligation Bonds Limited Tax	
	Principal	Interest
2016	\$10,000	\$3,510
2017	10,000	3,250
2018	10,000	2,990
2019	10,000	2,730
2020	10,000	2,470
2021-2025	50,000	8,450
2026-2028	40,000	1,690
<b>Total</b>	<b>\$140,000</b>	<b>\$25,090</b>

**Note 16 – Capital Lease**

In fiscal year 2015, the School District entered into a capital lease for school buses. The lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements.

The lease agreement for school buses identified Mercedes-Benz Financial Services as the fiscal agent for the lease proceeds (\$247,003). As of June 30, 2015, the School District has not drawn down a portion of proceeds in the account leaving a balance of \$86,929.

The assets acquired through the capital lease are as follows:

	<u>Amounts</u>
Asset:	
Vehicles	\$164,474
Less: Accumulated Depreciation	<u>(913)</u>
Current Book Value	<u>\$163,561</u>

The two buses acquired as of June 30, 2015 through the capital lease were capitalized at \$164,474 which includes the lease cost of \$160,074 and the trade-in value of \$4,400.

## Columbiana Exempted Village School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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

Year ending June 30,	Capital Lease
2016	\$51,961
2017	51,962
2018	51,961
2019	51,961
Total Minimum Lease Payments	207,845
Less: Amount Representing Interest	(12,804)
Present Value of Minimum Lease Payments	<u>\$195,041</u>

### **Note 17 - Jointly Governed Organizations**

#### ***Columbiana County Career and Technical Center***

The Columbiana County Career and Technical Center (the "Center") is a distinct political subdivision of the State of Ohio. The Center is operated under the direction of a Board, consisting of one representative from each of the eight participating school districts' elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. For fiscal year 2015, the School District did not make any contribution to the Center. To obtain financial information, write to the Columbiana County Career and Technical Center, Office of the Treasurer, at 9364 State Route 45, Lisbon, Ohio 44432.

#### ***Access Council of Governments***

The Access Council of Governments (COG) is a computer network which provides data services to twenty-six school districts in Columbiana and Mahoning, two educational services center, twenty non-public schools and two special education regional resources center. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among the member districts. Each of the governments of these schools supports COG based upon a per pupil charge, which was \$44.75 for fiscal year 2015. Columbiana Exempted Village School District paid \$30,118 to the COG during fiscal year 2015. COG is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of COG including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Board. All of COG revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who services as fiscal agent, at 100 Debartolo Place, Youngstown, Ohio 44512.

## **Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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### **Note 18 – Public Entity Risk Pools**

#### ***Insurance Purchasing Pool***

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

#### ***Risk Sharing Pool***

The Portage Area School Consortium (the "Consortium") was established in 1981 so that 12 educational-service providers in Portage County could manage risk exposures and purchase necessary insurance coverage as a group. The Health and Welfare Trust is organized under the provisions of Section 501(c)(9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as health insurance, disability insurance and life insurance. A third party administrator is retained by the consortium to facilitate the operation of the Health and Welfare Trust. The School District pays all insurance premiums directly to the consortium. Also, the insurance agreement with Portage County School Consortium provides that the Consortium will reinsure through commercial companies for claims over \$150,000 per employee. Although the School District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing Board as provided in the Consortium's enabling authority. The Portage County Educational Service Center acts as the fiscal agent for the consortium. To obtain financial information, write to the Portage Area School Consortium, Todd Carpenter, who serves as Treasurer, at 1464 Industry Road, Atwater, Ohio 44201.

### **Note 19 – Related Organization**

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

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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**Note 20 - Contingencies**

***Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

***School Foundation***

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of the enrollment adjustments to the June 30, 2015 Foundation funding for the School District, therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or a liability of the School District.

***Litigation***

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

**Note 21 - Set-Asides**

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

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

Set-Aside Balance as of June 30, 2014	\$0
Current Year Set-aside Requirement	177,812
Current Year Offset	(881,503)
Qualifying Disbursements	(672,972)
Total	<u><u>(\$1,376,663)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Set-aside Balance as of June 30, 2015	<u><u>\$0</u></u>

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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

**Note 22 – Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$192,342
Other Governmental Funds	<u>55,656</u>
<b>Total Governmental Funds</b>	<b><u><u>\$247,998</u></u></b>

**Note 23 - Interfund Transactions**

***Interfund Transfers***

The general fund transferred \$50,000 to the athletics special revenue fund to help provide funding for fiscal year 2015.

***Interfund Balances***

Interfund balances at June 30, 2015, consist of the following individual fund receivables and payables:

Interfund Payable	Interfund Receivable
	General Fund
<b>Other Governmental Funds</b>	
Athletics	\$7,000
Race to the Top	2,500
Miscellaneous Federal Grants	<u>8,225</u>
Total	<b><u><u>\$17,725</u></u></b>

The interfund receivables and payables are due to the timing of the receipt of monies collected for programs and projects in the special revenue funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid. These loans are expected to be repaid in one year.



**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**Note 24 – Change in Accounting Principle and Restatement of Net Position**

For fiscal year 2015, the School District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68”. GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported at June 30, 2014:

Net Position June 30, 2014	\$3,500,592
Adjustments:	
Net Pension Liability	(13,156,622)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>644,401</u>
Restated Net Position June 30, 2014	<u><u>(\$9,011,629)</u></u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**Columbiana Exempted Village School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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## Required Supplementary Information

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**Columbiana Exempted Village School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the*  
*Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Two Fiscal Years (1)*

	2014	2013
School District's Proportion of the Net Pension Liability	0.031377%	0.031377%
School District's Proportionate Share of the Net Pension Liability	\$1,587,972	\$1,865,889
School District's Covered-Employee Payroll	\$914,686	\$920,542
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	173.61%	202.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

**Columbiana Exempted Village School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the*  
*Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Two Fiscal Years (1)*

	2014	2013
School District's Proportion of the Net Pension Liability	0.03896857%	0.03896857%
School District's Proportionate Share of the Net Pension Liability	\$9,478,505	\$11,290,733
School District's Covered-Employee Payroll	\$3,981,736	\$3,855,523
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	238.05%	292.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

**Columbiana Exempted Village School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$132,383	\$126,775	\$127,403	\$136,411
Contributions in Relation to the Contractually Required Contribution	<u>(132,383)</u>	<u>(126,775)</u>	<u>(127,403)</u>	<u>(136,411)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$1,004,421	\$914,686	\$920,542	\$1,014,205
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

2011	2010	2009	2008	2007	2006
\$105,825	\$110,616	\$84,535	\$85,492	\$74,888	\$76,742
(105,825)	(110,616)	(84,535)	(85,492)	(74,888)	(76,742)
\$0	\$0	\$0	\$0	\$0	\$0
\$841,888	\$816,956	\$859,098	\$870,590	\$701,199	\$725,350
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**Columbiana Exempted Village School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$583,451	\$517,626	\$501,218	\$525,917
Contributions in Relation to the Contractually Required Contribution	<u>(583,451)</u>	<u>(517,626)</u>	<u>(501,218)</u>	<u>(525,917)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$4,167,507	\$3,981,736	\$3,855,523	\$4,045,515
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%



2011	2010	2009	2008	2007	2006
\$565,683	\$548,125	\$511,264	\$498,294	\$472,849	\$439,409
(565,683)	(548,125)	(511,264)	(498,294)	(472,849)	(439,409)
\$0	\$0	\$0	\$0	\$0	\$0
\$4,351,408	\$4,216,346	\$3,932,800	\$3,833,031	\$3,637,300	\$3,380,069
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education:</i>					
<i>Nutrition Cluster:</i>					
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	10.555		\$19,544		\$19,544
<i>Cash Assistance:</i>					
School Breakfast Program	10.553	\$33,935		\$33,935	
National School Lunch Program	10.555	140,208		140,208	
Total U.S. Department of Agriculture - Nutrition Cluster		<u>174,143</u>	<u>19,544</u>	<u>174,143</u>	<u>19,544</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education:</i>					
Title I Grants to Local Educational Agencies (Title 1, Part A of the ESEA)	84.010	213,599		241,479	
<i>Special Education Cluster:</i>					
Special Education_Grants to States	84.027	204,419		226,282	
Special Education_Preschool Grants	84.173	<u>4,852</u>		<u>4,852</u>	
<i>Subtotal - Special Education Cluster</i>		209,271		231,134	
Rural Education	84.358	10,464		18,689	
Improving Teacher Quality State Grants (Title II-A)	84.367	35,879		35,879	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	<u>3,474</u>		<u>14,133</u>	
Total U.S. Department of Education		<u>472,687</u>		<u>541,314</u>	
<b>Totals</b>		<u><b>\$ 646,830</b></u>	<u><b>\$ 19,544</b></u>	<u><b>\$ 715,457</b></u>	<u><b>\$ 19,544</b></u>

The accompanying notes are an integral part of this schedule.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the "Schedule") reports the Columbiana Exempted Village School District's (the "District's") federal award programs' 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 respective program that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbiana Exempted Village School District, Columbiana County, (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 18, 2016. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Governmental Accounting Standard No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

***Compliance and Other Matters***

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

***District's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

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



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

February 18, 2016



# Dave Yost • Auditor of State

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

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

To the Board of Education:

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

We have audited the Columbiana Exempted Village School District's (the "District") compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Columbiana Exempted Village School District's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

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

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

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

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

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

### ***Opinion on the Major Federal Program***

In our opinion, the Columbiana Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

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[www.ohioauditor.gov](http://www.ohioauditor.gov)

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

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

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

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

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



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

February 18, 2016



**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2015**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster (CFDA #84.027 & 84.173)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

**FINDING NUMBER 2015-001**

**Material Weakness**

Sound accounting practices require accurately posting appropriations to the ledgers to provide information for budget versus actual comparison and to allow the District to make informed decisions regarding budgetary matters. Due to a lack of oversight by District officials, the Treasurer did not accurately post Board approved budgetary amounts to the ledgers.

**FINDING NUMBER 2015-001**

**(Continued)**

Variations between authorized appropriations and amounts posted were noted in the following funds:

<b>Fund</b>	<b>Board Approved Amount</b>	<b>Amount Posted to the Accounting System</b>	<b>Variance</b>
General	\$9,383,187	\$9,833,637	\$(450,450)
Bond Retirement Debt Service	0	19,452	(19,452)
Permanent Improvement Capital Project	929,494	819,685	109,809
Food Service Special Revenue	281,655	264,402	17,253

When authorized budgetary measures are not accurately posted to the ledgers, the budget vs. actual information generated by the District's accounting system is not an accurate reflection of the intentions of the Board.

The District should take the necessary steps to ensure authorized amounts are accurately posted to the financial system.

**Officials' Response:** The final appropriations approved by the Board were not posted to the computer system before year-end was closed.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
------------------------------------------------------------

None



# Dave Yost • Auditor of State

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 24, 2016**