



**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Columbiana Exempted Village School District
Columbiana County
720 New Waterford Road
Columbiana, Ohio 44408

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Columbiana Exempted Village School District, Columbiana County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Columbiana Exempted Village School District, Columbiana County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

November 7, 2001

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COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and				
Cash Equivalents	\$1,210,844	\$76,415	\$182,635	\$765,916
Cash and Cash Equivalents with Fiscal Agents			28,847	793,157
Receivables:				
Taxes	3,402,052		2,700	640,810
Intergovernmental		14,704		
Inventory Held for Resale				
Materials and Supplies				
Inventory				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	40,988			
Cash and Cash Equivalents with Fiscal Agents			979,097	
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service				
Fund to Retire Long-Term Debt				
Amount to be Provided from				
General Government Resources				
Total Assets and Other Debits	<u>4,653,884</u>	<u>91,119</u>	<u>1,193,279</u>	<u>2,199,883</u>
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	15,292			
Accrued Wages	523,616	7,704		
Compensated Absences Payable	11,250			
Intergovernmental Payable	96,239	3,751		
Deferred Revenue	3,402,052	14,704	2,700	640,810
Due to Students				
Claims Payable				
Energy Conservation Loan Payable				
Certificates of Participation Payable				
General Obligation Bonds Payable				
Total Liabilities	<u>4,048,449</u>	<u>26,159</u>	<u>2,700</u>	<u>640,810</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	13,339	9,096		100,834
Reserved for Debt Service Principal			979,097	
Reserved for Budget Stabilization	32,334			
Reserved for Bus Purchase	8,654			
Unreserved:				
Undesignated	551,108	55,864	211,482	1,458,239
Total Fund Equity and Other Credits	<u>605,435</u>	<u>64,960</u>	<u>1,190,579</u>	<u>1,559,073</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$4,653,884</u>	<u>\$91,119</u>	<u>\$1,193,279</u>	<u>\$2,199,883</u>

The notes to the financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$4,587	\$213,963	\$24,685			\$2,479,045
					822,004
					4,045,562
5,620					14,704
					5,620
707					707
					40,988
					979,097
73,542			12,385,918		12,459,460
				1,190,579	1,190,579
				9,934,462	9,934,462
<u>84,456</u>	<u>213,963</u>	<u>24,685</u>	<u>12,385,918</u>	<u>11,125,041</u>	<u>31,972,228</u>
	16,133				31,425
11,259					542,579
5,546				493,560	510,356
4,596				52,553	157,139
5,620					4,065,886
		24,685			24,685
	98,935				98,935
				505,207	505,207
				10,003,721	10,003,721
				70,000	70,000
<u>27,021</u>	<u>115,068</u>	<u>24,685</u>		<u>11,125,041</u>	<u>16,009,933</u>
			12,385,918		12,385,918
205,789					205,789
(148,354)	98,895				(49,459)
					123,269
					979,097
					32,334
					8,654
					2,276,693
<u>57,435</u>	<u>98,895</u>		<u>12,385,918</u>		<u>15,962,295</u>
<u>\$84,456</u>	<u>\$213,963</u>	<u>\$24,685</u>	<u>\$12,385,918</u>	<u>\$11,125,041</u>	<u>\$31,972,228</u>

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COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Revenues:					
Taxes	\$3,186,527		\$62,086	\$617,791	\$3,866,404
Intergovernmental	2,525,820	\$309,015	8,117	146,020	2,988,972
Interest	117,449	772	59,015	407,151	584,387
Tuition and Fees	304,229				304,229
Rent	8,890				8,890
Extracurricular Activities		146,445			146,445
Gifts and Donations	2,240	24,036		1,316	27,592
Miscellaneous	17,447				17,447
Total Revenues	6,162,602	480,268	129,218	1,172,278	7,944,366
Expenditures:					
Current:					
Instruction:					
Regular	2,923,535	113,247			3,036,782
Special	668,171	138,308			806,479
Vocational	152,164				152,164
Support Services:					
Pupils	296,148	17,918			314,066
Instructional Staff	227,821	27,231			255,052
Board of Education	12,548				12,548
Administration	612,135	29,604			641,739
Fiscal	280,769	17,538			298,307
Operation and Maintenance of Plant	510,528	28			510,556
Pupil Transportation	365,052				365,052
Extracurricular Activities	133,317	142,192			275,509
Capital Outlay				783,844	783,844
Debt Service:					
Principal Retirement			93,921		93,921
Interest and Fiscal Charges			92,627		92,627
Total Expenditures	6,182,188	486,066	186,548	783,844	7,638,646
Excess of Revenues Over (Under) Expenditures	(19,586)	(5,798)	(57,330)	388,434	305,720
Other Financing Sources:					
Proceeds from Sale of Fixed Assets				165,000	165,000
Total Other Financing Sources				165,000	165,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(19,586)	(5,798)	(57,330)	553,434	470,720
Fund Balances at Beginning of Year	625,021	70,758	1,247,910	1,005,639	2,949,328
Fund Balances at End of Year	\$605,435	\$64,960	\$1,190,580	\$1,559,073	\$3,420,048

The notes to the financial statements are an integral part of this statement.

COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$3,186,527	\$3,186,527				
Intergovernmental	2,525,820	2,525,820		311,750	309,015	(2,735)
Interest	127,109	117,449	(9,660)	772	772	
Tuition and Fees	310,229	304,229	(6,000)			
Rent	8,890	8,890				
Extracurricular Activities	0	0		146,445	146,445	
Gifts and Donations	2,239	2,240	1	24,036	24,036	
Miscellaneous	21,447	17,447	(4,000)			
Total Revenues	6,182,261	6,162,602	(19,659)	483,003	480,268	(2,735)
Expenditures:						
Current:						
Instruction:						
Regular	2,925,497	2,926,926	(1,429)	115,103	118,588	(3,485)
Special	691,382	674,366	17,016	144,703	144,703	
Vocational	151,430	151,430				
Support Services:						
Pupils	294,614	294,933	(319)	17,875	17,918	(43)
Instructional Staff	231,110	231,316	(206)	29,075	29,075	
Board of Education	12,549	12,549				
Administration	613,294	615,913	(2,619)	30,604	30,604	
Fiscal	279,716	281,431	(1,715)	18,244	17,449	795
Operation and Maintenance of Plant	504,392	520,603	(16,211)	28	28	
Pupil Transportation	362,481	362,481	0			
Extracurricular Activities	134,746	134,747	(1)	118,692	142,192	(23,500)
Capital Outlay	8,000	8,000				
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	6,209,211	6,214,695	(5,484)	474,324	500,557	(26,233)
Excess of Revenues Over (Under) Expenditures	(26,950)	(52,093)	(25,143)	8,679	(20,289)	(28,968)
Other Financing Sources:						
Proceeds from Sale of Fixed Assets						
Total Other Financing Sources						
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(26,950)	(52,093)	(25,143)	8,679	(20,289)	(28,968)
Fund Balances at Beginning of Year	1,109,067	1,109,067		61,376	61,376	
Prior Year Encumbrances Appropriated	180,427	180,427		26,233	26,233	
Fund Balances at End of Year	\$1,262,544	\$1,237,401	(\$25,143)	\$96,288	\$67,320	(\$28,968)

The notes to the financial statements are an integral part of this statement.

Debt Service Fund			Capital Projects Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$62,086	\$62,086		\$617,791	\$617,791		\$3,866,404	\$3,866,404	
8,117	8,117		146,021	146,021		2,991,708	2,988,973	(2,735)
			23,162	23,162		151,043	141,383	(9,660)
						310,229	304,229	(6,000)
						8,890	8,890	
						146,445	146,445	
			1,316	1,316		27,591	27,592	1
						21,447	17,447	(4,000)
70,203	70,203		788,290	788,290		7,523,757	7,501,363	(22,394)
						3,040,600	3,045,514	(4,914)
						836,085	819,069	17,016
						151,430	151,430	
						312,489	312,851	(362)
						260,185	260,391	(206)
						12,549	12,549	
						643,898	646,517	(2,619)
						297,960	298,880	(920)
						504,420	520,631	(16,211)
						362,481	362,481	0
						253,438	276,939	(23,501)
			908,945	908,945	0	916,945	916,945	0
93,921	93,921					93,921	93,921	
34,337	34,337					34,337	34,337	
128,258	128,258		908,945	908,945	0	7,720,738	7,752,455	(31,717)
(58,055)	(58,055)		(120,655)	(120,655)	0	(196,981)	(251,092)	(54,111)
			165,000	165,000		165,000	165,000	
			165,000	165,000		165,000	165,000	
(58,055)	(58,055)		44,345	44,345	0	(31,981)	(86,092)	(54,111)
240,690	240,690		463,333	463,333		1,874,466	1,874,466	
			157,404	157,404		364,064	364,064	
<u>\$182,635</u>	<u>\$182,635</u>		<u>\$665,082</u>	<u>\$665,082</u>	<u>\$0</u>	<u>\$2,206,549</u>	<u>\$2,152,438</u>	<u>(\$54,111)</u>

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COLUMBIANA COUNTY

COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating Revenues:			
Sales	\$130,742		\$130,742
Charges for Services		\$823,117	823,117
Total Operating Revenues	<u>130,742</u>	<u>823,117</u>	<u>953,859</u>
Operating Expenses:			
Salaries	74,153		74,153
Fringe Benefits	50,626		50,626
Purchased Services	1,681	221,984	223,665
Cost of Sales	99,144		99,144
Claims		569,453	569,453
Depreciation	5,381		5,381
Total Operating Expenses	<u>230,985</u>	<u>791,437</u>	<u>1,022,422</u>
Operating Income (Loss)	<u>(100,243)</u>	<u>31,680</u>	<u>(68,563)</u>
Non-Operating Revenues (Expenses):			
Other Financing Uses	13,169		13,169
Donated Commodities	17,825		17,825
Operating Grants	68,119		68,119
Loss on Sale of Fixed Assets	(1,337)		(1,337)
Total Non-Operating Revenues (Expenses)	<u>97,776</u>		<u>97,776</u>
Net Income (Loss)	<u>(2,467)</u>	<u>31,680</u>	<u>29,213</u>
Retained Earnings (Deficit) at Beginning of Year	<u>(145,887)</u>	<u>67,215</u>	<u>(78,672)</u>
Retained Earnings (Deficit) at End of Year	<u>(148,354)</u>	<u>98,895</u>	<u>(49,459)</u>
Contributed Capital at Beginning of Year	<u>158,694</u>		<u>158,694</u>
Capital Contributions During Year	47,095		47,095
Contributed Capital at End of Year	<u>205,789</u>		<u>205,789</u>
Total Fund Equity at End of Year	<u>\$57,435</u>	<u>\$98,895</u>	<u>\$156,330</u>

The notes to the financial statements are an integral part of this statement.

COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY FUND TYPES
JUNE 30, 2001

	Enterprise Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Sales	\$130,742	\$130,742	
Operating Grants	82,330	82,330	
Charges for Services			
Total Revenues	<u>213,072</u>	<u>213,072</u>	
Expenses:			
Salaries	75,659	75,659	
Fringe Benefits	50,072	50,072	
Purchased Services	1,681	1,681	
Materials and Supplies	81,073	81,073	
Other			
Total Expenses	<u>208,485</u>	<u>208,485</u>	
Excess of Revenues Over Expenses	4,587	4,587	
Fund Equity at Beginning of Year			
Fund Equity at End of Year	<u><u>\$4,587</u></u>	<u><u>\$4,587</u></u>	

The notes to the financial statements are an integral part of this statement.

Internal Service Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$130,742	\$130,742	
			82,330	82,330	
<u>\$823,117</u>	<u>\$823,117</u>		<u>823,117</u>	<u>823,117</u>	
<u>823,117</u>	<u>823,117</u>		<u>1,036,189</u>	<u>1,036,189</u>	
			75,659	75,659	
			50,072	50,072	
210,979	210,979		212,660	212,660	
			81,073	81,073	
<u>611,482</u>	<u>572,010</u>	<u>39,472</u>	<u>611,482</u>	<u>572,010</u>	<u>\$39,472</u>
<u>822,461</u>	<u>782,989</u>	<u>39,472</u>	<u>1,030,946</u>	<u>991,474</u>	<u>39,472</u>
656	40,128	39,472	5,243	44,715	39,472
173,835	173,835		173,835	173,835	
<u>\$174,491</u>	<u>\$213,963</u>	<u>\$39,472</u>	<u>\$179,078</u>	<u>\$218,550</u>	<u>\$39,472</u>

COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDING JUNE 30, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$130,742		\$130,742
Cash Received from Quasi-External Transactions from Other Funds		\$823,117	823,117
Cash Payments to Suppliers for Goods and Services	(82,754)	(210,979)	(293,733)
Cash Payments to Employees for Services	(75,659)		(75,659)
Cash Payments for Employee Benefits	(50,072)		(50,072)
Cash Payments for Claims		(572,010)	(572,010)
Net Cash Provided by/(Used for) Operating Activities	<u>(77,743)</u>	<u>40,128</u>	<u>(37,615)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	<u>82,330</u>		<u>82,330</u>
Net Cash Provided by Noncapital Financing Activities	<u>82,330</u>		<u>82,330</u>
Net Increase in Cash and Cash Equivalents	4,587	40,128	44,715
Cash and Cash Equivalents at Beginning of Year		<u>173,835</u>	<u>173,835</u>
Cash and Cash Equivalents at End of Year	<u>4,587</u>	<u>213,963</u>	<u>218,550</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Income/(Loss)	<u>(100,243)</u>	<u>31,680</u>	<u>(68,563)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	5,381		5,381
Donated Commodities Used During Year	17,825		17,825
Changes in Assets and Liabilities:			
Decrease in Materials and Supplies Inventory	246		246
Increase in Accounts Payable		11,005	11,005
Decrease in Accrued Wages	(1,506)		(1,506)
Increase in Compensated Absences Payable	216		216
Increase in Intergovernmental Payable	338		338
Decrease in Claims Payable		(2,557)	(2,557)
Total Adjustments	<u>22,500</u>	<u>8,448</u>	<u>30,948</u>
Net Cash Provided by/(Used for) Operating Activities	<u>(\$77,743)</u>	<u>\$40,128</u>	<u>(\$37,615)</u>

The notes to the financial statements are an integral part of this statement.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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/or 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 Village of Columbiana and portions of Fairfield, Beaver and Springfield Townships. The School District is staffed by 36 non-certificated employees, 70 certificated full-time teaching personnel and 4 administrative employees who provide services to 1,029 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 insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Columbiana Exempted Village School District, this includes general operations, food service, and student related activities of the School District.

Within the School District boundaries, Heartland Christian School is operated as a private school. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity of these State monies by the School District is reflected in a special revenue fund for financial reporting purposes.

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.

Columbiana Exempted Village School District Leasing Corporation During FY99, the Columbiana Exempted Village School District Leasing Corporation was formed to issue Certificates of Participation for the purpose of constructing a new high school in accordance with Ohio Revised Code 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 Leasing Corporation is governed by a three member board appointed by the School District. Although the Leasing 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. The Leasing Corporation has assigned its duties to a Trustee to handle the finances.

The School District is associated with two jointly governed organizations, one related organization, and one public entity pool. These organizations include the Columbiana County Career Center, Area Cooperative Computerized Educational Service System, Columbiana Public Library, and the Ohio School Boards Association Worker's Compensation Group Rating Program. These organizations are presented in Notes 16, 17, and 18 to the general purpose financial statements.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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

A. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Fund - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Proprietary Fund Types:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Fund - The enterprise fund is used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The School District's only enterprise fund accounts for food service.

Internal Service Fund - The internal service fund accounts 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.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds include only agency funds.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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 year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 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 fiscal 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 non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. Governmental funds are legally required to be budgeted and appropriated. The trustee accounts set up in accordance with the issuance of the certificates of participation are not part of the entity for which the "appropriated budget" is adopted. The legal level of budgetary control is object level for the General Fund and fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

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

By no later than January 20, the Board-adopted budget is filed with the Columbiana County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. The treasurer maintains budgetary information at the object level for the General Fund and fund level for other funds, and has the authority to allocate appropriations within the above levels without a resolution by the Board.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the year, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

Cash and cash equivalents with fiscal agents represents amounts held by a trustee in accordance with the agreement for the issuance of the certificates of participation (COPs).

During fiscal year 2001, investments were limited to Certificates of Deposit, Repurchase Agreements, and STAR Ohio. All investments of the School District had a maturity of two years or less. 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 and nonnegotiable certificates of deposit are reported at cost.

The School District has invested funds in the State Treasurer Assets Reserve of Ohio (STAR Ohio) during fiscal year 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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 considered to be cash equivalents. Investments with an original maturity of more than three months that are not from the pool are considered to be investments.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$117,449, which includes \$50,725 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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 considered to be cash equivalents. Investments with an original maturity of more than three months that are not from the pool are considered to be investments.

E. Inventory

Materials and supplies inventory has not been reported in the governmental funds since the balance is not significant. Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first in, first out basis. Inventories of proprietary funds consist of donated food and purchased food and are expensed when used.

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straightline method over an estimated useful life of eight to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

G. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

H. 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 School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

I. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources. General obligation bonds, energy conservation loans payable and certificates of participation are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

K. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Designations represent tentative plans for future use of financial resources. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, budget stabilization, debt service principal, and school bus purchase.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. Fund balance in the general fund includes a designation that represents the amount set-aside by the Board of Education for budget stabilization in excess of the statutory requirement. The reserve for debt service principal represents monies set-aside for the last principal payment on the certificates of participation.

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues required by statute to be set-aside by the School District for the purchase of textbooks and other instructional materials and the creation of a reserve for budget stabilization. See Note 19 for additional information regarding set-asides. Restricted assets in the debt service fund include monies set-aside to satisfy requirements in the trustee agreement for the issuance of the certificates of participation (COPs). These amounts are restricted for the last principal payment on the COPs.

N. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. CHANGES IN ACCOUNTING PRINCIPALS AND RESTATEMENT OF FUND BALANCE

Changes in Accounting Principles: For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." At June 30, 2001, there was no effect on fund balance as a result of implementing GASB Statements 33 and 36.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

4. ACCOUNTABILITY

At June 30, 2001, the following funds had deficit balances:

Auxiliary Services Fund	\$1,423.80
Title VI-R Fund	\$ 700.00

These deficits resulted from adjustments for accrued liabilities. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

At June 30, 2001, the food service enterprise fund had a deficit retained earnings of \$148,354. The School District is currently analyzing the operations of the food service enterprise fund to determine how to alleviate the deficit balance.

5. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budget Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity Budget and Actual (Budget Basis) - All Proprietary Fund Types are 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as a note disclosure in the proprietary fund type (GAAP basis).
4. During FY99, Certificates of Participation (COPs) were issued for the construction of a new high school. The activity related to this transaction is not included on the budgetary statements but is presented on the GAAP statements (See Note 13).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$19,586)	(\$5,798)	(\$57,330)	\$553,434
Revenue Accruals	0	0	(59,015)	(383,988)
Expenditure Accruals	(18,077)	(5,395)	58,290	(24,267)
Encumbrances	(14,430)	(9,096)	0	(100,834)
Budget Basis	(\$52,093)	(\$20,289)	(\$58,055)	\$44,345

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

5. BUDGETARY BASIS OF ACCOUNTING – (Continued)

	All Proprietary Fund Types	
	Enterprise	Internal Service
Net Income/Excess of Revenues Over(Under) Expenses, and Operating Transfers		
GAAP Basis	(\$2,467)	\$31,680
Revenue Accrual	2,379	0
Expense Accrual	(706)	8,448
Depreciation Expense	5,381	0
Budget Basis	\$4,587	\$40,128

6. DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 of Education has identified as not required for use within the current two 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.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

6. DEPOSITS AND INVESTMENTS – (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$445,709 and the bank balance was \$461,240. Of the bank balance, \$100,485 was covered by federal depository insurance and \$360,755 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State 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 Federal Deposit Insurance Corporation.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>Category 1</u>	<u>Category 3</u>	<u>Fair Value</u>
Certificates of Deposit	\$1,700,000		\$1,700,000
Federal Government Securities	1,339,267		1,339,267
Repurchase Agreements		106,000	106,000
STAR Ohio			728,108
Totals			<u>\$3,873,375</u>

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

6. DEPOSITS AND INVESTMENTS – (Continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$4,321,134	\$0
Cash on Hand	(2,050)	0
Investments:		
Certificates of Deposit	(1,700,000)	1,700,000
Federal Government Securities	(1,339,267)	1,339,267
Repurchase Agreement	(106,000)	106,000
STAR Ohio	(728,108)	728,108
GASB Statement No. 3	<u>\$445,709</u>	<u>\$3,873,375</u>

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar year 2001 for real and public utility property taxes represents collections of calendar year 2000 taxes. Property tax payments received during calendar year 2001 for tangible personal property (other than public utility property) is for calendar year 2001 taxes.

2001 real property taxes are levied after April 1, 2001 on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which fiscal year 2001 taxes were collected are:

	<u>2000 Second - Half Collections</u>		<u>2001 First - Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential And Other Real Estate	\$99,462,190	83.52%	\$104,448,400	84.34%
Public Utility	5,744,950	4.82	4,406,040	3.56
Tangible Personal Property	13,879,700	11.66	14,986,340	12.10
Total Assessed Value	<u>\$119,086,840</u>	<u>100.00%</u>	<u>\$123,840,780</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$43.80		\$42.60	

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7. PROPERTY TAXES – (Continued)

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. The School District receives property taxes from Columbiana and Mahoning 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, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Columbiana Exempted Village School District. The County Auditor periodically remits to the School District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. There was no amount available as an advance at June 30, 2001.

8. RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The special revenue intergovernmental receivable at year end consisted of \$14,704 in federal and state reimbursements.

9. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$205,789
Less Accumulated Depreciation	<u>(132,247)</u>
Net Fixed Assets	<u><u>\$73,542</u></u>

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/31/01
Land and Improvements	\$262,041	\$0	\$0	\$262,041
Buildings	11,034,987	2,855	879,885	10,157,957
Building Improvements	0	116,646	0	116,646
Furniture, Fixtures and Equip.	1,406,338	266,349	234,653	1,438,034
Vehicles	344,398	158,712	91,870	411,240
Total	<u><u>\$13,047,764</u></u>	<u><u>\$544,562</u></u>	<u><u>\$1,206,408</u></u>	<u><u>\$12,385,918</u></u>

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

10. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Cincinnati Insurance Company for property, inland marine, and boiler/machinery coverage and with Nationwide Insurance for fleet insurance and liability insurance. Coverages are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$16,840,015
Inland Marine Coverage (\$100 deductible)	75,000
Scheduled Property (\$250 deductible)	523,039
Crime Insurance	5,000
Automobile Liability (\$0 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000
Commercial Umbrella Liability Policy	2,000,000

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

For fiscal year 2001, 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical/surgical, prescription, vision and dental insurance is offered to employees through a self-insurance internal service fund. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical/surgical plan with \$400 family and \$200 single deductible for certificated staff and a medical/surgical plan with \$200 family and \$100 single deductible for classified staff. A third party administrator, Medical Mutual of Ohio, reviews all claims which are then paid by the School District. The School District purchases stop-loss coverage of \$25,000 per employee. The School District pays into the self-insurance internal service fund \$671 family coverage or \$372 individual coverage per month for certificated personnel and \$630 family coverage or \$353 individual coverage per month for classified personnel which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The School District also provides prescription drug, vision and dental insurance to its employees through this self-insured program, the premiums of which are included in the above amounts. This plan utilizes a \$7 brand/\$0 generic prescription deductible for certificated personnel and \$10/\$0 generic for classified personnel.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
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FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

10. RISK MANAGEMENT – (Continued)

The claims liability of \$98,935 reported in the internal service fund at June 30, 2001, is based on a review of claims processed during the months of July and August, 2001 and determining those claims with service dates prior to June 30, 2001, and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expense and does not include allocated or unallocated claims adjustment expenses.

Changes in the fund's claims liability amount for 2000 and 2001 were:

□	Balance at Beginning of Year	Current Year Claims	Stop Loss Reimbursement	Claims Payments	Balance at End of Year
2000	\$70,530	\$623,160	(\$16,708)	\$575,490	\$101,492
2001	101,492	569,453	0	572,010	98,935

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for the pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$31,927, \$40,065, and \$52,335, respectively; 47.07 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$16,900 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
COLUMBIANA COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

11. DEFINED BENEFIT PENSION PLANS – (Continued)

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$295,823, \$181,305, and \$170,802, respectively; 83.49 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$48,830 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

12. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$140,126 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent over fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$91,952.

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12. POSTEMPLOYMENT BENEFITS – (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available) were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

13. EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Company.

14. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
Library Bond 1990 7.23% average maturing December 1, 2001	\$135,000	\$0	\$65,000	\$70,000
Energy Conservation Loan 1998 4.8% maturing December 1, 2013	534,128	0	28,921	505,207
Certificates of Participation 3.50 - 5.15% maturing December 1, 2022	9,981,339	72,382	50,000	10,003,721
Pension Obligation	47,117	52,553	47,117	52,553
Compensated Absences	481,903	11,657	0	493,560
Total General Long-Term Obligations	\$11,179,487	\$136,592	\$191,038	\$11,125,041

Library Bond - On September 1, 1990, Columbiana School District issued \$500,000 in bonds on behalf of the Columbiana Public Library. These bonds will be paid from the property tax revenue in the debt service fund. See Note 17 for further information.

Energy Conservation Loan - On December 17, 1998, Columbiana School District issued \$576,217 in an unvoted general obligation loan for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The loan was issued for a fifteen year period with final maturity during fiscal year 2014. This loan will be paid from resources in the debt service fund.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
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14. LONG-TERM OBLIGATIONS – (Continued)

Certificates of Participation - In FY99, the School District entered into a lease agreement with the Columbiana EVSD Leasing Corporation for a new high school. The lease is an annual lease subject to renewal for twenty-three years through December 1, 2022.

The Leasing Corporation entered an agreement with a trustee through which it assigned and transferred rights and interest under the lease to Huntington National Bank as Trustee. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semiannual lease payments. Proceeds from the issuance are mainly being used to construct a new high school. In addition, terms of the trust indenture require a portion of the proceeds to be set aside for current and future certificate payments. The current certificate payment account is used to account for resources accumulated for payment over the next twelve months. The reserve account is used solely to make rent payments if a deficiency exists in the current certificate payment account and, if all payments are current, to make payment of the last certificate payments.

Certificates maturing December 1 in the years from and including 2010 to and including 2014 are Capital Appreciation Certificates. These are securities that are purchased at a discount at the time of issuance and, at maturity, all compound interest is paid and the holder of the certificate collects the face value. However, since interest is technically earned and compounded semiannually, the value of the certificate increases. Therefore, as the value increases, the accretion is booked as principal. The accretion amount for fiscal year 2001 is \$72,382.

The obligation of the School District under the lease and any subsequent lease renewal is subject to annual appropriation of the rental payments. Legal title to the facilities remains with the Leasing Corporation until all payments required under the lease have been made. At that time, title will transfer to the School District.

The liability for the Certificates is recorded in the General Long-Term Debt Account Group with the annual principal and interest requirements payable from resources from the debt service fund. The Certificates of Participation are not a general obligation of the School District but are payable only from appropriations by the School District for annual lease payments.

Employer pension obligations: Employer pension due to the School Employees Retirement System will be paid from the fund from which the employee is paid.

Compensated absences: Sick leave benefits will be paid from the fund from which the employee is paid.

The School District's voted legal debt margin was \$10,025,091 with an unvoted debt margin of \$123,841 at June 30, 2001.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2001, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2002	155,326	434,939	590,265
2003	111,799	428,464	540,263
2004	138,343	423,379	561,722
2005	174,963	416,973	591,936
2006	276,661	407,650	684,311
Thereafter	9,721,836	5,655,015	15,376,851
Total	<u>\$10,578,928</u>	<u>\$7,766,420</u>	<u>\$18,345,348</u>

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
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15. 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

16. JOINTLY GOVERNED ORGANIZATIONS

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

Area Cooperative Computerized Educational Service System - The School District is a participant in the Area Cooperative Computerized Educational Service System (ACCESS) which is a computer consortium. ACCESS is an association of public school districts within the boundaries of Columbiana and Mahoning Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. ACCESS 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 ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding. To obtain information, write to ACCESS, 2801 Market Street, Suite 202, Youngstown, Ohio 44507.

17. RELATED ORGANIZATION

Columbiana Public Library - The Columbiana Public Library is a related organization of the School District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit for, or burden to the School District. 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. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the School District must place the levy on the ballot. The Library may issue debt and determines its own budget. In May, 1990, a Library Improvement Bond Issue in the amount of 1.1 mills was passed by the voters. The tax monies from that levy come to the School District with which the bonded debt is paid. The final payment on the bonds is December 1, 2001.

18. PUBLIC ENTITY RISK POOL

Risk Sharing Pool

Ohio School Boards Association Worker's Compensation Group Rating Program - The School District participates in the Ohio School Boards Association Worker's Compensation Group Rating Program (GRP), and 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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
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18. PUBLIC ENTITY RISK POOL – (Continued)

Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

19. STATUTORY RESERVES

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

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-aside Cash Balance as of June 30, 2000	(\$27,937)	\$0	\$46,569
Reduction Authorized by Legislative Revisions	0	0	(14,235)
Current Year Set-aside Requirement	149,812	149,812	0
Current Year Offsets	0	(566,097)	0
Qualifying Disbursements	(142,142)	(114,719)	0
Set-aside Balance Carried Forward to Future Fiscal Years	(\$20,267)	\$0	\$0
Set-aside Cash Balance as of June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$32,334</u>

The School District's carried forward balance and current year disbursements reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future years. Although the School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amounts below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$32,334.

20. SUBSEQUENT EVENTS

State School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered, including:

1. A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
2. Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

**COLUMBIANA EXEMPTED VILLAGE SCHOOL DISTRICT
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20. SUBSEQUENT EVENTS – (Continued)

In general, it is expected that the decision would result in an increase in State funding for most Ohio school district. However, as of October 19, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

Columbiana Public Library Bond Issue

The School District issued bonds on August 15, 2001 on behalf of the Columbiana Public Library in the amount of \$1,000,000 as approved by voters on May 8, 2001.



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Columbiana Exempted Village School District
Columbiana County
720 New Waterford Road
Columbiana, Ohio 44408

To the Board of Education:

We have audited the general purpose financial statements of the Columbiana Exempted Village School District, Columbiana County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 7, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 7, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 7, 2001.

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

Jim Petro
Auditor of State

November 7, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
DECEMBER 13, 2001**