

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2009**



**Mary Taylor, CPA**  
Auditor of State



**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Columbia Local School District, Lorain County, Ohio, as of June 30, 2009, and the respective changes in financial position, and the budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Mary Taylor, CPA**  
Auditor of State

December 22, 2009

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

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

**Financial Highlights**

Key financial highlights for 2009 are as follows:

- In total, net assets of governmental activities decreased \$1,188,854 or 27.08%.
- General revenues accounted for \$9,249,100 in revenue or 84.45% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,703,029 or 15.55% of total revenues of \$10,952,129.
- The District had \$12,140,983 in expenses related to governmental activities; only \$1,703,029 of these expenses was offset by program specific charges for services, grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$9,249,100 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$9,842,753 in revenues and other financing sources and \$10,928,510 in expenditures and other financing uses. During fiscal 2009, the general fund's fund balance decreased \$1,085,757 from \$2,128,203 to \$1,042,446.

**Using the Basic Financial Statements**

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

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and the only governmental fund reported as a major fund.

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

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

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

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

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

***Fund Financial Statements***

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

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

***Reporting the District's Fiduciary Responsibilities***

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

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 21-45 of this report.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

**The District as a Whole**

The table below provides a summary of the District's net assets for fiscal years 2009 and 2008:

	<b>Net Assets</b>	
	Governmental Activities 2009	Governmental Activities 2008
<b><u>Assets</u></b>		
Current and other assets	\$ 8,480,876	\$ 9,621,735
Capital assets, net	<u>2,548,655</u>	<u>2,528,978</u>
Total assets	<u>11,029,531</u>	<u>12,150,713</u>
<b><u>Liabilities</u></b>		
Current liabilities	6,854,757	7,050,629
Long-term liabilities	<u>973,884</u>	<u>710,340</u>
Total liabilities	<u>7,828,641</u>	<u>7,760,969</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	2,481,655	2,528,978
Restricted	397,200	376,725
Unrestricted	<u>322,035</u>	<u>1,484,041</u>
Total net assets	<u>\$ 3,200,890</u>	<u>\$ 4,389,744</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$3,200,890.

At year-end, capital assets represented 23.11% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$2,481,655. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

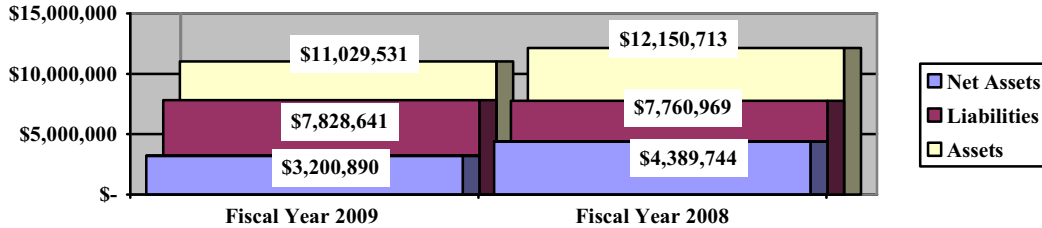
A portion of the District's net assets, \$397,200, represents resources that are subject to external restriction on how they may be used. The District had a remaining balance of unrestricted net assets of \$322,035.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

The table below provides a summary of the District's net assets for fiscal years 2009 and 2008:

**Governmental Activities**



The table below shows the change in net assets for fiscal years 2009 and 2008. Certain revenue amounts for fiscal year 2008 have been reclassified in the management's discussion and analysis to reflect changes made in fiscal year 2009.

**Change in Net Assets**

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,036,148	\$ 911,293
Operating grants and contributions	652,370	676,307
Capital grants and contributions	14,511	22,187
General revenues:		
Property taxes	5,808,472	5,636,076
Grants and entitlements	3,362,745	3,202,821
Investment earnings	34,330	141,079
Other	43,553	437,186
Total revenues	<u>10,952,129</u>	<u>11,026,949</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

**Change in Net Assets**

	<u>Governmental Activities 2009</u>	<u>Governmental Activities 2008</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 5,462,086	\$ 5,737,304
Special	822,009	702,285
Vocational	95,314	80,985
Other	476,412	-
Support services:		
Pupil	630,128	652,673
Instructional staff	362,643	375,057
Board of education	26,963	59,047
Administration	1,005,511	1,112,394
Fiscal	379,753	402,068
Operations and maintenance	1,074,939	980,103
Pupil transportation	841,711	845,866
Central	130,756	145,542
Food service operations	406,687	334,253
Operations of non-instructional services	-	210
Extracurricular activities	421,396	421,758
Interest and fiscal charges	<u>4,675</u>	<u>-</u>
Total expenses	<u>12,140,983</u>	<u>11,849,545</u>
Change in net assets	(1,188,854)	(822,596)
Net assets at beginning of year	<u>4,389,744</u>	<u>5,212,340</u>
Net assets at end of year	<u>\$ 3,200,890</u>	<u>\$ 4,389,744</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$1,188,854. Total governmental expenses of \$12,140,983 were offset by program revenues of \$1,703,029 and general revenues of \$9,249,100. Program revenues supported 14.03% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 83.74% of total governmental revenue. Real estate property is reappraised every six years.

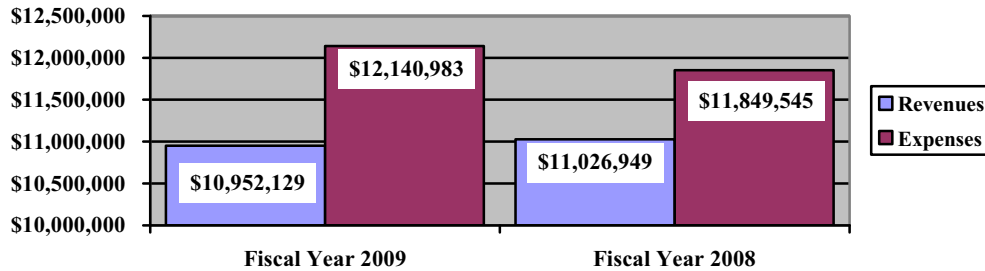
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,855,821 or 56.47% of total governmental expenses for fiscal year 2009.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2009 and 2008:

**Governmental Activities - Revenues and Expenses**



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

Certain amounts in the "net cost of services" for fiscal year 2008 have been reclassified in the management's discussion and analysis to reflect changes made in fiscal year 2009.

**Governmental Activities**

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
<b>Program expenses</b>				
Instruction:				
Regular	\$ 5,462,086	\$ 4,681,097	\$ 5,737,304	\$ 5,122,468
Special	822,009	676,281	702,285	536,587
Vocational	95,314	91,981	80,985	79,115
Other	476,412	476,412	-	-
Support services:				
Pupil	630,128	464,899	652,673	419,194
Instructional staff	362,643	337,234	375,057	349,210
Board of education	26,963	26,963	59,047	59,047
Administration	1,005,511	994,494	1,112,394	1,096,423
Fiscal	379,753	379,753	402,068	402,068
Operations and maintenance	1,074,939	1,057,075	980,103	941,834
Pupil transportation	841,711	778,247	845,866	766,694
Central	130,756	114,326	145,542	121,239
Food service operations	406,687	21,325	334,253	19,270
Operations of non-instructional services	-	-	210	210
Extracurricular activities	421,396	333,192	421,758	326,399
Interest and fiscal charges	4,675	4,675	-	-
<b>Total expenses</b>	<u>\$ 12,140,983</u>	<u>\$ 10,437,954</u>	<u>\$ 11,849,545</u>	<u>\$ 10,239,758</u>

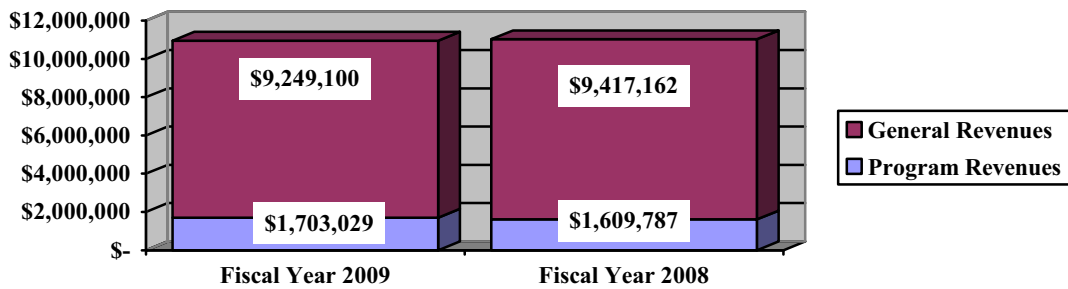
**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

The dependence upon tax and other general revenues for governmental activities is apparent, 86.43% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.97%.

The graph below presents the District's governmental activities revenue for fiscal years 2009 and 2008. Certain revenue amounts for fiscal year 2008 have been reclassified to reflect changes made in fiscal year 2009.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on page 15) reported a combined fund balance of \$1,428,353 which is lower than last year's balance of \$2,381,064. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance <u>June 30, 2009</u>	Fund Balance <u>June 30, 2008</u>	Increase/ (Decrease)
General	\$ 1,042,446	\$ 2,128,203	\$ (1,085,757)
Other Governmental	<u>385,907</u>	<u>252,861</u>	<u>133,046</u>
Total	<u>\$ 1,428,353</u>	<u>\$ 2,381,064</u>	<u>\$ (952,711)</u>

**General Fund**

The District's general fund's fund balance decreased by \$1,085,757. The table that follows assists in illustrating the financial activities and fund balance of the general fund. Certain revenue amounts for fiscal year 2008 have been reclassified in the management's discussion and analysis to reflect changes made in fiscal year 2009.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 5,564,706	\$ 5,346,522	4.08 %
Tuition	582,602	504,116	15.57 %
Earnings on investments	34,330	141,079	(75.67) %
Intergovernmental	3,493,430	3,382,544	3.28 %
Other revenues	<u>90,365</u>	<u>461,127</u>	(80.40) %
Total	<u>\$ 9,765,433</u>	<u>\$ 9,835,388</u>	(0.71) %
<b><u>Expenditures</u></b>			
Instruction	\$ 6,473,548	\$ 6,338,263	2.13 %
Support services	3,976,071	4,338,948	(8.36) %
Extracurricular activities	318,976	298,192	6.97 %
Capital outlay	77,320	-	100.00 %
Debt service	<u>14,995</u>	<u>-</u>	100.00 %
Total	<u>\$ 10,860,910</u>	<u>\$ 10,975,403</u>	(1.04) %

The increase in tuition revenues was a result of the Districts continued participation in the open enrollment program. Earnings on investments decreased due to lower interest rates on investments. Other revenues decreased in fiscal year 2009 as a result of a refund received in fiscal year 2008 that was not received in 2009. Capital outlay and debt service expenditures increased due to the District entering into capital lease obligations during the year. All other revenues and expenditures remained comparable.

***General Fund Budgeting Highlights***

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

For the general fund, original and final budgeted revenues and other financing sources were \$9,726,925. Actual revenues and other financing sources for fiscal 2009 were \$10,127,360. This represents a \$400,435 increase over original and final budgeted revenues.

General fund original appropriations of \$10,841,554 increased to \$11,066,554 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$11,030,030, which was \$36,524 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2009, the District had \$2,548,655 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. This entire amount is reported in governmental activities.

The following table shows fiscal 2009 balances compared to 2008:

	<b>Capital Assets at June 30 (Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 400,614	\$ 400,614
Land improvements	248,849	239,846
Building and improvements	1,088,694	1,072,501
Furniture and equipment	374,923	303,147
Vehicles	413,296	489,368
Infrastructure	<u>22,279</u>	<u>23,502</u>
<b>Total</b>	<b><u>\$ 2,548,655</u></b>	<b><u>\$ 2,528,978</u></b>

Total additions to capital assets for 2009 were \$281,116. The overall increase in capital assets of \$19,677 is primarily due to the additions exceeding depreciation expense of \$259,781 for fiscal 2009.

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

***Debt Administration***

At June 30, 2009, the District had \$67,000 in capital lease obligations outstanding. Of this total, \$18,702 is due within one year and \$48,298 is due within greater than one year.

At June 30, 2009, the District's overall legal debt margin was \$18,774,923, and the unvoted debt margin was \$208,610. See Note 10 to the basic financial statements for additional information on the District's debt administration.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

**Current Financial Related Activities**

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

As the preceding information shows, the District heavily depends on its residential property taxpayers. Our community's commitment to the District was demonstrated by the May 2005 passage of a 3.45 mill operating levy.

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

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

**Contacting the District's Financial Management**

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



BASIC  
FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 2,609,931
Receivables:	
Taxes . . . . .	5,845,877
Accounts . . . . .	415
Intergovernmental . . . . .	22,044
Materials and supplies inventory . . . . .	2,609
Capital assets:	
Land . . . . .	400,614
Depreciable capital assets, net . . . . .	2,148,041
Total capital assets, net . . . . .	<u>2,548,655</u>
 Total assets . . . . .	 <u>11,029,531</u>
 <b>Liabilities:</b>	
Accounts payable. . . . .	120,231
Accrued wages and benefits . . . . .	959,312
Pension obligation payable. . . . .	285,657
Intergovernmental payable . . . . .	133,619
Unearned revenue . . . . .	5,355,938
Long-term liabilities:	
Due within one year. . . . .	145,294
Due in more than one year . . . . .	<u>828,590</u>
 Total liabilities . . . . .	 <u>7,828,641</u>
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	2,481,655
Restricted for:	
Capital projects . . . . .	281,914
Locally funded programs . . . . .	3,258
State funded programs . . . . .	46
Federally funded programs . . . . .	20,617
Student activities . . . . .	45,682
Public school support . . . . .	24,206
Other purposes . . . . .	21,477
Unrestricted . . . . .	<u>322,035</u>
 Total net assets. . . . .	 <u>\$ 3,200,890</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 5,462,086	\$ 646,093	\$ 134,896	\$ -	\$ (4,681,097)
Special . . . . .	822,009	-	145,728	-	(676,281)
Vocational . . . . .	95,314	-	3,333	-	(91,981)
Other . . . . .	476,412	-	-	-	(476,412)
Support services:					
Pupil . . . . .	630,128	44,424	120,805	-	(464,899)
Instructional staff . . . . .	362,643	-	25,409	-	(337,234)
Board of education . . . . .	26,963	-	-	-	(26,963)
Administration . . . . .	1,005,511	-	11,017	-	(994,494)
Fiscal . . . . .	379,753	-	-	-	(379,753)
Operations and maintenance . . . . .	1,074,939	17,864	-	-	(1,057,075)
Pupil transportation . . . . .	841,711	-	48,953	14,511	(778,247)
Central . . . . .	130,756	-	16,430	-	(114,326)
Food service operations . . . . .	406,687	245,816	139,546	-	(21,325)
Extracurricular activities . . . . .	421,396	81,951	6,253	-	(333,192)
Interest and fiscal charges . . . . .	4,675	-	-	-	(4,675)
Total governmental activities . . . . .	<u>\$ 12,140,983</u>	<u>\$ 1,036,148</u>	<u>\$ 652,370</u>	<u>\$ 14,511</u>	<u>(10,437,954)</u>
<b>General Revenues:</b>					
Property taxes levied for:					
					5,576,175
General purposes . . . . .					232,297
Capital projects . . . . .					
Grants and entitlements not restricted					
to specific programs . . . . .					3,362,745
Investment earnings . . . . .					34,330
Miscellaneous . . . . .					43,553
Total general revenues . . . . .					<u>9,249,100</u>
Change in net assets . . . . .					(1,188,854)
<b>Net assets at beginning of year . . . . .</b>					<u>4,389,744</u>
<b>Net assets at end of year . . . . .</b>					<u>\$ 3,200,890</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 2,128,923	\$ 481,008	\$ 2,609,931
Receivables:			
Taxes . . . . .	5,737,052	108,825	5,845,877
Accounts . . . . .	355	60	415
Intergovernmental . . . . .	-	22,044	22,044
Interfund loans . . . . .	13,022	-	13,022
Materials and supplies inventory . . . . .	-	2,609	2,609
<b>Total assets . . . . .</b>	<u>\$ 7,879,352</u>	<u>\$ 614,546</u>	<u>\$ 8,493,898</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 109,601	\$ 10,630	\$ 120,231
Accrued wages and benefits . . . . .	909,169	50,143	959,312
Compensated absences payable . . . . .	64,001	7,844	71,845
Pension obligation payable. . . . .	262,191	23,466	285,657
Intergovernmental payable. . . . .	112,632	20,987	133,619
Interfund loan payable . . . . .	-	13,022	13,022
Deferred revenue. . . . .	112,718	13,203	125,921
Unearned revenue . . . . .	5,266,594	89,344	5,355,938
<b>Total liabilities . . . . .</b>	<u>6,836,906</u>	<u>228,639</u>	<u>7,065,545</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	157,950	193,419	351,369
Reserved for materials and supplies inventory. . . . .	-	2,609	2,609
Reserved for tax revenue available for appropriation . . . . .	358,840	14,661	373,501
Unreserved, undesignated, reported in:			
General fund . . . . .	525,656	-	525,656
Special revenue funds. . . . .	-	78,986	78,986
Capital projects funds. . . . .	-	96,232	96,232
<b>Total fund balances. . . . .</b>	<u>1,042,446</u>	<u>385,907</u>	<u>1,428,353</u>
<b>Total liabilities and fund balances . . . . .</b>	<u>\$ 7,879,352</u>	<u>\$ 614,546</u>	<u>\$ 8,493,898</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2009

<b>Total governmental fund balances</b>		\$ 1,428,353
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,548,655
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 117,538	
Intergovernmental receivable	<u>8,383</u>	
Total		125,921
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(835,039)	
Capital lease obligations payable	<u>(67,000)</u>	
Total		<u>(902,039)</u>
<b>Net assets of governmental activities</b>		<u>\$ 3,200,890</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 5,564,706	\$ 232,064	\$ 5,796,770
Tuition . . . . .	582,602	-	582,602
Charges for services . . . . .	-	245,816	245,816
Earnings on investments. . . . .	34,330	-	34,330
Extracurricular. . . . .	-	91,995	91,995
Classroom materials and fees . . . . .	28,948	34,543	63,491
Other local revenues. . . . .	61,417	41,925	103,342
Intergovernmental - Intermediate . . . . .	-	5,551	5,551
Intergovernmental - State . . . . .	3,493,430	56,523	3,549,953
Intergovernmental - Federal. . . . .	-	542,400	542,400
<b>Total revenue . . . . .</b>	<b>9,765,433</b>	<b>1,250,817</b>	<b>11,016,250</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	5,137,176	233,863	5,371,039
Special. . . . .	776,316	68,144	844,460
Vocational. . . . .	83,644	-	83,644
Other . . . . .	476,412	-	476,412
Support services:			
Pupil. . . . .	422,742	213,440	636,182
Instructional staff . . . . .	331,412	26,808	358,220
Board of education . . . . .	28,020	-	28,020
Administration. . . . .	918,197	15,082	933,279
Fiscal. . . . .	361,433	7,972	369,405
Operations and maintenance. . . . .	1,057,052	53,539	1,110,591
Pupil transportation . . . . .	745,760	11,380	757,140
Central . . . . .	111,455	24,571	136,026
Food service operations . . . . .	-	411,953	411,953
Extracurricular activities . . . . .	318,976	110,716	429,692
Facilities acquisition and construction . . . . .	-	7,903	7,903
Capital outlay . . . . .	77,320	-	77,320
Debt service:			
Principal retirement . . . . .	10,320	-	10,320
Interest and fiscal charges . . . . .	4,675	-	4,675
<b>Total expenditures . . . . .</b>	<b>10,860,910</b>	<b>1,185,371</b>	<b>12,046,281</b>
Excess (deficiency) of revenues over (under) expenditures. . . . .	(1,095,477)	65,446	(1,030,031)
<b>Other financing sources (uses):</b>			
Capital lease obligation . . . . .	77,320	-	77,320
Transfers in. . . . .	-	67,600	67,600
Transfers (out) . . . . .	(67,600)	-	(67,600)
<b>Total other financing sources (uses) . . . . .</b>	<b>9,720</b>	<b>67,600</b>	<b>77,320</b>
Net change in fund balances . . . . .	(1,085,757)	133,046	(952,711)
<b>Fund balances at beginning of year . . . . .</b>	<b>2,128,203</b>	<b>252,861</b>	<b>2,381,064</b>
<b>Fund balances at end of year. . . . .</b>	<b>\$ 1,042,446</b>	<b>\$ 385,907</b>	<b>\$ 1,428,353</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<b>Net change in fund balances - total governmental funds</b>	\$	(952,711)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Capital outlay	\$ 281,116	
Depreciation expense	<u>(259,781)</u>	
Total		21,335
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(1,658)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	11,702	
Intergovernmental revenue	<u>(75,823)</u>	
Total		(64,121)
Repayment of capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		10,320
Capital lease obligations are recorded as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of statement of net assets.		
		(77,320)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(124,699)</u>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u><u>(1,188,854)</u></u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 5,751,606	\$ 5,751,606	\$ 5,794,713	\$ 43,107
Tuition. . . . .	424,850	424,850	582,652	157,802
Earnings on investments. . . . .	75,000	75,000	41,422	(33,578)
Classroom materials and fees . . . . .	24,250	24,250	28,948	4,698
Other local revenues. . . . .	45,150	45,150	42,902	(2,248)
Intergovernmental - State . . . . .	3,306,069	3,306,069	3,493,430	187,361
Total revenue . . . . .	<u>9,626,925</u>	<u>9,626,925</u>	<u>9,984,067</u>	<u>357,142</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,051,529	5,061,921	4,952,932	108,989
Special. . . . .	613,932	693,932	763,156	(69,224)
Vocational. . . . .	77,465	79,721	90,368	(10,647)
Other. . . . .	509,016	507,016	520,384	(13,368)
Support services:				
Pupil. . . . .	389,561	394,061	426,602	(32,541)
Instructional staff . . . . .	326,883	328,130	331,863	(3,733)
Board of education . . . . .	44,329	39,004	31,193	7,811
Administration. . . . .	944,370	954,537	994,577	(40,040)
Fiscal . . . . .	391,419	382,416	392,759	(10,343)
Operations and maintenance. . . . .	1,172,880	1,245,255	1,226,944	18,311
Pupil transportation . . . . .	733,757	844,357	768,690	75,667
Central. . . . .	143,003	94,393	105,850	(11,457)
Extracurricular activities. . . . .	313,410	311,811	344,090	(32,279)
Total expenditures . . . . .	<u>10,711,554</u>	<u>10,936,554</u>	<u>10,949,408</u>	<u>(12,854)</u>
Excess of expenditures over revenues. . . . .	<u>(1,084,629)</u>	<u>(1,309,629)</u>	<u>(965,341)</u>	<u>344,288</u>
<b>Other financing sources (uses):</b>				
Transfers (out). . . . .	(100,000)	(105,000)	(67,600)	37,400
Advances in . . . . .	100,000	100,000	115,509	15,509
Advances (out). . . . .	(30,000)	(25,000)	(13,022)	11,978
Refund of prior year expenditure . . . . .	-	-	27,784	27,784
Total other financing sources (uses) . . . . .	<u>(30,000)</u>	<u>(30,000)</u>	<u>62,671</u>	<u>92,671</u>
Net change in fund balance . . . . .	(1,114,629)	(1,339,629)	(902,670)	436,959
<b>Fund balance at beginning of year. . . . .</b>	2,439,539	2,439,539	2,439,539	-
<b>Prior year encumbrances appropriated . . . . .</b>	373,820	373,820	373,820	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,698,730</u>	<u>\$ 1,473,730</u>	<u>\$ 1,910,689</u>	<u>\$ 436,959</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2009

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 65,789
Total assets . . . . .	\$ 65,789
<b>Liabilities:</b>	
Accounts payable . . . . .	\$ 247
Undistributed monies . . . . .	2,706
Due to students . . . . .	62,836
Total liabilities . . . . .	\$ 65,789

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

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

The Board of Education (the "Board") controls the District's three instructional and three support facilities staffed by 58 non-certified personnel, 89 certified teaching personnel and 6 administrators who provide services to 1,118 students. The District's three support facilities include an administration building, transportation center, and a maintenance garage. The District operates one elementary school (K-4), one middle school (5-8) and one high school (9-12). The District ranks as the 449<sup>th</sup> largest by total enrollment among the 922 public school districts and community schools in the State.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Lake Erie Educational Computer Association (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of 31 school districts. The jointly governed organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions of member districts. Each of the governments of these districts supports LEECA based upon a per pupil charge, dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. The District paid \$37,866 to LEECA for services during fiscal year 2009.

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

Lake Erie Regional Council of Governments (LERC)

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

Lorain County Joint Vocational School District (LCJVSD)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization among 107 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2009, the District paid \$214,362 to the Council for annual membership and other fees. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payment based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to the participant to Energy Acquisition Corp.

The District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

*PUBLIC ENTITY RISK POOLS*

Schools of Ohio Risk Sharing Authority (SORSA)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan (GRP) was established as an insurance purchasing pool.

The GRP is governed by a three-member Board of Directors. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 12.C. for further information on this group rating plan.

Lake Erie Employee Protection Plan (LEEPP)

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

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have any proprietary funds.

*GOVERNMENTAL FUNDS*

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

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for grants and other resources whose use is restricted to a particular purpose and (c) for food service operations.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**D. Basis of Accounting**

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

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

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

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

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

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

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2009, have also been reported as deferred revenue.

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



**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

**E. Budgets**

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

1. Prior to January, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Lorain County Budget Commission for tax rate determination.
3. Prior to April 1, unless a later date is approved by the Tax Commissioner, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final Amended Certificates issued for fiscal year 2009.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2009. All amounts reported in the budgetary statement reflect the original appropriations and the final appropriations, including all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2009, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments in STAR Ohio are reported at fair value, which is based on quoted market prices.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$34,330, which includes \$6,023 assigned from other District funds.

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

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

**G. Inventory**

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

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

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

For fiscal year 2009, the District reports infrastructure consisting of three sewage treatment facilities.

**I. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2009, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least 10 current years of service with the District were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2009, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

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

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

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

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

**K. Interfund Balances**

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

**L. Fund Balance Reserves**

The 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. 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, materials and supplies inventory and property taxes unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

**M. Net Assets**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**N. Estimates**

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

**O. Interfund Activity**

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

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2009.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

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

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

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

**B. Deposits with Financial Institutions**

At June 30, 2009, the carrying amount of all District deposits was \$2,137,632. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$1,752,629 of the District's bank balance of \$2,252,629 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

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

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of June 30, 2009, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	\$ 536,888	\$ 536,888

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

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 536,888	100.00

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$ 2,137,632
Investments	536,888
Cash on hand	<u>1,200</u>
Total	<u>\$ 2,675,720</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 2,609,931
Agency funds	<u>65,789</u>
Total	<u>\$ 2,675,720</u>



**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2009 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

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

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

- B. Interfund transfers for the year ended June 30, 2009, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 67,600

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During fiscal year 2009, the general fund transferred \$45,000 to the food service special revenue fund (a nonmajor governmental fund) and \$22,600 to the student athletics special revenue fund (a nonmajor governmental fund). The transfers were made to support the activities of the funds.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 6 - PROPERTY TAXES - (Continued)**

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts 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. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Lorain County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$358,840 in the general fund and \$14,661 in the permanent improvement capital projects fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2008 was \$588,847 in the general fund, \$23,304 in the permanent improvement capital projects fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 199,486,010	96.98	\$ 203,169,760	97.28
Public utility personal	5,306,030	2.58	5,493,640	2.63
Tangible personal property	<u>904,133</u>	<u>0.44</u>	<u>186,510</u>	<u>0.09</u>
Total	<u>\$ 205,696,173</u>	<u>100.00</u>	<u>\$ 208,849,910</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$53.52		\$53.37	

**COLUMBIA LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the receivables reported on the statement of net assets follows:

**Governmental Activities:**

Taxes	\$ 5,845,877
Accounts	415
Intergovernmental	<u>22,044</u>
Total	<u>\$ 5,868,336</u>

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

**NOTE 8 - CAPITAL ASSETS**

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

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>Governmental Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 400,614	\$ -	\$ -	\$ 400,614
Total capital assets, not being depreciated	<u>400,614</u>	<u>-</u>	<u>-</u>	<u>400,614</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	392,246	23,842	-	416,088
Buildings and improvements	3,357,413	68,189	-	3,425,602
Furniture and equipment	1,780,133	173,585	(83,023)	1,870,695
Vehicles	1,112,368	15,500	-	1,127,868
Infrastructure	<u>72,075</u>	<u>-</u>	<u>-</u>	<u>72,075</u>
Total capital assets, being depreciated	<u>6,714,235</u>	<u>281,116</u>	<u>(83,023)</u>	<u>6,912,328</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(152,400)	(14,839)	-	(167,239)
Buildings and improvements	(2,284,912)	(51,996)	-	(2,336,908)
Furniture and equipment	(1,476,986)	(100,151)	81,365	(1,495,772)
Vehicles	(623,000)	(91,572)	-	(714,572)
Infrastructure	<u>(48,573)</u>	<u>(1,223)</u>	<u>-</u>	<u>(49,796)</u>
Total accumulated depreciation	<u>(4,585,871)</u>	<u>(259,781)</u>	<u>81,365</u>	<u>(4,764,287)</u>
Governmental activities capital assets, net	<u>\$ 2,528,978</u>	<u>\$ 21,335</u>	<u>\$ (1,658)</u>	<u>\$ 2,548,655</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 102,754
Special	2,437
<u>Support Services:</u>	
Pupil	6,323
Instructional staff	1,619
Board of education	117
Administration	7,487
Operations and maintenance	13,461
Pupil transportation	104,985
Central	4,710
Food service operations	3,388
Extracurricular activities	<u>12,500</u>
Total depreciation expense	<u>\$ 259,781</u>

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

During fiscal year 2009, the District entered into capitalized leases for copier equipment and risographs. These lease agreements meet the criteria of capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$91,757. Accumulated depreciation as of June 30, 2009 was \$19,041, leaving a current book value of \$72,716. A corresponding liability was recorded on the statement of net assets. Principal and interest payments in the 2009 fiscal year totaled \$10,320 and \$4,675, respectively, paid by the general fund.

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 23,387
2011	23,387
2012	19,191
2013	<u>10,799</u>
Total minimum lease payments	76,764
Less: Amount representing interest	<u>(9,764)</u>
Total	<u>\$ 67,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 10 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2009, the following activity occurred in governmental activities long-term obligations:

	Balance			Balance	Amounts
	June 30, 2008	Additions	Reductions	June 30, 2009	Due in
					One Year
<b>Governmental Activities:</b>					
Capital lease obligation	\$ -	\$ 77,320	\$ (10,320)	\$ 67,000	\$ 18,702
Compensated absences	<u>710,340</u>	<u>230,476</u>	<u>(33,932)</u>	<u>906,884</u>	<u>126,592</u>
Total long-term obligations, governmental activities	<u>\$ 710,340</u>	<u>\$ 307,796</u>	<u>\$ (44,252)</u>	<u>\$ 973,884</u>	<u>\$ 145,294</u>

Compensated absences will be paid from the fund from which the employee is paid primarily the general fund and food service fund (a nonmajor governmental fund).

The capital lease obligation will be paid from the general fund, see Note 9 for detail.

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2007. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$18,774,923 and an unvoted debt margin of \$208,610.

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiating agreements and State laws. Classified employees earn up to twenty-five days of vacation per year, depending upon length of service. Administrators may cash out and/or carry over up to ten days of vacation. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one fourth days per month. A percentage of unused sick time is paid at retirement. The number of sick days which can accumulate is restricted.

**B. Health Care Benefits**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 11 - OTHER EMPLOYEE BENEFITS - (Continued)**

**C. Life Insurance**

Life insurance is offered to employees through Lake Erie Regional Council of Governments (LERC) through Fort Dearborn Life Insurance Company. The Treasurer and Superintendent receive \$250,000 coverage for \$30 per month; administrators and supervisors receive \$50,000 coverage for \$6 per month, and certified employees receive coverage equal to their pay to the nearest thousand up to \$50,000, custodial and clerical employees receive \$20,000 for \$2.40 per month, and other non-bargaining employees receive \$9,000 for \$1.08 per month.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2009, the District has contracted with the Schools of Ohio Risk Sharing Authority (SORSA) to provide insurance coverage in the following amounts:

<u>Type of Coverage</u>	<u>Amount</u>
Building and contents (replacement cost)	\$26,641,239
Flood Liability	2,000,000
General liability: Per occurrence	6,000,000
Automobile liability: Combined single limit	6,000,000
Bodily injury per occurrence	5,000
Employee benefits	6,000,000

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

**B. Bonding**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 12 - RISK MANAGEMENT**

**C. Workers' Compensation**

The District participates in the Ohio School Boards Association (OSBA) Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (see Note 2.A.). 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/her designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. The worker's compensation experience of the participating school districts is calculated as one and a common premium rate is applied to participants. Participation in the GRP is limited to school districts that can meet the selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP. The firm of Sheakley Uniserve provides administrative, cost control and actuarial services to the GRP.

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$154,031, \$137,968 and \$200,145, respectively; 46.74 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System of Ohio**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 13 - PENSION PLANS - (Continued)**

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

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

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

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$687,664, \$641,836 and \$665,196, respectively; 83.49 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$11,500 made by the District and \$14,726 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$93,211, \$62,959 and \$46,619, respectively; 46.74 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$12,709, \$9,941 and \$12,743, respectively; 46.74 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System of Ohio**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$52,897, \$49,372 and \$47,369, respectively; 83.49 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis),
- (d) Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

<b>Net Change in Fund Balance</b>	
	<u>General Fund</u>
Budget basis	\$ (902,670)
Net adjustment for revenue accruals	(218,634)
Net adjustment for expenditure accruals	(129,736)
Net adjustment for other sources/uses	(52,951)
Adjustment for encumbrances	<u>218,234</u>
GAAP basis	<u>\$ (1,085,757)</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**NOTE 17 - STATUTORY RESERVES**

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years. During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	<u>Textbook</u>	<u>Capital Improvements</u>
Set-aside cash balance as of June 30, 2008	\$ (148,974)	\$ -
Current year set-aside requirement	178,097	178,097
Current year offsets	-	(277,201)
Qualifying expenditures	<u>(241,353)</u>	<u>(50,463)</u>
Total	<u>\$ (212,230)</u>	<u>\$ (149,567)</u>
Balance carried forward to fiscal year 2010	<u>\$ (212,230)</u>	<u>\$ -</u>

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbooks/instructional materials reserve. These extra amounts may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year. The capital acquisition reserve had excess qualifying disbursements that may not be carried forward.

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# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Columbia Local School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the District's management in a separate letter dated December 22, 2009.

### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 22, 2009.

We intend this report solely for the information and use of the management and the Board of Education. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

December 22, 2009

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Ohio Rev. Code Section 5705.41(D)(1), certification of availability of funds.	Yes.	Corrected.
2008-002	Statement on Auditing Standards 112 - Effects on Annual Financial Report - Material Weakness	Yes.	Corrected.

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# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on July 18, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

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Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

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

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



**Mary Taylor, CPA**  
Auditor of State

December 22, 2009



**Mary Taylor, CPA**  
Auditor of State

**COLUMBIA LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 4, 2010**