



Mary Taylor, CPA
Auditor of State



Dave Yost • Auditor of State

January 18, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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

DAVE YOST
Auditor of State

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**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Crestview Local School District
Columbiana County
44100 Crestview Road Suite A
Columbiana, Ohio 44408

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Columbiana County, Ohio (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Crestview Local School District, Columbiana County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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



Mary Taylor, CPA
Auditor of State

December 28, 2010

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The discussion and analysis of the financial performance of Crestview Local School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. 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 notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

In total, net assets decreased \$111,172.

General revenues accounted for \$8,584,011, or approximately 71 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$3,538,712 or almost 29 percent of total revenues of \$12,122,723.

The District's major funds included the General Fund, the Bond Retirement Debt Service Fund and the Permanent Improvement Capital Projects Fund. On the modified accrual basis, the General Fund had \$9,840,681 in revenues and \$9,819,981 in expenditures. The General Fund's balance increased \$20,700 from the prior fiscal year. The Bond Retirement Debt Service Fund had \$323,506 in revenues and \$278,080 in expenditures. The Bond Retirement Debt Service Fund's balance increased \$45,426 from the previous fiscal year. The Permanent Improvement Capital Projects Fund had \$376,077 in revenues and \$612,102 in expenditures. The Permanent Improvement Capital Projects Fund's balance decreased \$236,025 from the previous fiscal year.

The revenue generated from the Bond Retirement Debt Service Fund is used to pay for the current portion of bonded debt.

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 Crestview Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole 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 and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Crestview Local School District, the general fund by far is the most significant fund.

The General Fund, the Bond Retirement Debt Service Fund, and the Permanent Improvement Capital Projects Fund are the three major funds of the District.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2010. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes 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 District discloses a single type of activity:

Governmental Activities - All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, the Bond Retirement Debt Service Fund, and the Permanent Improvement Capital Projects Fund. While the District uses many funds to account for its financial transactions, these are the most significant.

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues,

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Proprietary Funds - The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for insurance benefits.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the accrual basis of accounting.

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2010 compared to fiscal year 2009.

Table 1

	2010	2009	Increase
	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Increase (Decrease)</u>
Assets:			
Current and Other Assets	\$5,144,027	\$5,482,142	(\$338,115)
Capital Asset, Net of Accumulated Depreciation	12,315,981	12,370,689	(54,708)
<i>Total Assets</i>	<u>17,460,008</u>	<u>17,852,831</u>	<u>(392,823)</u>
Liabilities:			
Current Liabilities	3,845,687	3,776,951	68,736
Long-term Liabilities:			
Due within One Year	374,644	384,613	(9,969)
Due in More than One Year	1,555,467	1,895,885	(340,418)
<i>Total Liabilities</i>	<u>5,775,798</u>	<u>6,057,449</u>	<u>(281,651)</u>
Net Assets:			
Invested in Capital Assets, Net of Debt	11,002,984	10,712,692	290,292
Restricted	534,109	761,501	(227,392)
Unrestricted	147,117	321,189	(174,072)
<i>Total Net Assets</i>	<u>\$11,684,210</u>	<u>\$11,795,382</u>	<u>(\$111,172)</u>

Total assets decreased by \$392,823. The decrease can be attributed to an overall decrease in cash on hand from the previous fiscal year, as well as a decrease in capital assets due to another year of depreciation being taken on the assets.

Total liabilities decreased by \$281,651. This decrease was due mostly to the District paying down \$345,000 of principal balance on its outstanding long-term obligations.

By comparing assets and liabilities, one can see the overall position of the School District has somewhat declined as evidenced by the decrease in net assets of \$111,172.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 2 reflects the changes in net assets for fiscal year 2010 compared to fiscal year 2009.

Table 2
Change in Net Assets
Governmental Activities

	2010	2009	Increase (Decrease)
Revenues			
Program Revenues			
Charges for Services and Sales	\$2,536,176	\$2,183,183	\$352,993
Operating Grants and Contributions	1,002,536	546,345	456,191
Capital Grants and Contributions	0	16,474	(16,474)
Total Program Revenues	3,538,712	2,746,002	792,710
General Revenues			
Property Taxes	2,485,250	2,394,522	90,728
Income Tax	986,986	1,035,585	(48,599)
Intergovernmental	4,969,102	5,203,482	(234,380)
Investment Earnings	50,114	81,272	(31,158)
Miscellaneous	92,559	37,347	55,212
Total General Revenues	8,584,011	8,752,208	(168,197)
Total Revenues	12,122,723	11,498,210	624,513
Program Expenses			
Current:			
Instruction	6,978,996	6,887,589	91,407
Support Services:			
Pupil	512,477	577,749	(65,272)
Instructional Staff	563,297	505,729	57,568
Board of Education	27,431	28,158	(727)
Administration	857,994	831,759	26,235
Fiscal	344,987	333,645	11,342
Business	345	345	0
Operation and Maintenance of Plant	1,281,435	1,211,744	69,691
Pupil Transportation	622,684	673,836	(51,152)
Central	18,165	18,979	(814)
Operation of Non-Instructional Services	2,159	580	1,579
Operation of Food Services	571,346	571,924	(578)
Extracurricular Activities	377,086	394,259	(17,173)
Interest and Fiscal Charges	75,493	83,956	(8,463)
Total Program Expenses	12,233,895	12,120,252	113,643
Increase (Decrease) in Net Assets	(111,172)	(622,042)	510,870
Net Assets Beginning of Year	11,795,382	12,417,424	(622,042)
Net Assets End of Year	\$11,684,210	\$11,795,382	(\$111,172)

The primary sources of revenue for governmental activities are derived from grants and entitlements and property and income taxes. These revenue sources represent approximately 70 percent of total governmental revenue. Real estate property is reappraised every six years.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
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Unaudited

The largest expense of the District is for instruction, which totaled \$6,978,996 or 57 percent of total governmental expenses. Support service expenses totaled \$4,228,815, or 35 percent of total governmental expenses for fiscal year 2010.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3
Total and Net Cost of Program Services

	2010		2009	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$6,978,996	\$5,237,590	\$6,887,589	\$5,552,957
Support Services:				
Pupil	512,477	347,731	577,749	434,317
Instructional Staff	563,297	377,920	505,729	411,255
Board of Education	27,431	21,697	28,158	23,446
Administration	857,994	549,806	831,759	698,337
Fiscal	344,987	277,463	333,645	281,190
Business	345	345	345	345
Operation and Maintenance of Plant	1,281,435	1,056,374	1,211,744	1,028,784
Pupil Transportation	622,684	507,181	673,836	556,736
Central	18,165	13,843	18,979	15,853
Operation of Non-Instructional Services	2,159	149	580	23
Food Service Operation	571,346	25,190	571,924	66,075
Extracurricular Activities	377,086	204,401	394,259	220,976
Interest and Fiscal Charges	75,493	75,493	83,956	83,956
<i>Total Expenditures</i>	<u>\$12,233,895</u>	<u>\$8,695,183</u>	<u>\$12,120,252</u>	<u>\$9,374,250</u>

The dependence upon property and income tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 68 percent of all District expenses are supported through income and property taxes and unrestricted grants and entitlements. Program revenues supported nearly 29 percent of total expenses, while interest and miscellaneous revenues supported more than 1 percent. Overall, all current fiscal year expenses were not covered by current fiscal year revenues, resulting in an overall decrease in net assets of \$111,172.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. The District's major governmental funds are the General Fund, the Bond Retirement Debt Service Fund, and the Permanent Improvement Capital Projects Fund. Total governmental funds had revenues of \$12,046,644 and expenditures of \$12,218,548. The net overall decrease in fund balance of \$171,904 for the year indicates that the District was not able to meet current costs.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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. During the course of fiscal year 2010, the District amended its General Fund budget as needed.

The variance between final budgeted and actual revenues of \$11,497 was not significant.

Final expenditures were budgeted at \$10,173,191 while actual expenditures were \$9,828,590. The \$344,601 difference is primarily due to a conservative "worst case scenario" approach, and is not significant, as it is less than 4 percent of the total budget. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the District had \$12,315,981 invested in capital assets (net of accumulated depreciation) for governmental activities. Table 4 shows fiscal year 2010 balances compared to fiscal year 2009:

Table 4
Capital Assets at June 30 (Net of Depreciation)

	<u>2010</u>	<u>2009</u>
Land	\$250,000	\$250,000
Construction in Progress	301,355	0
Land Improvements	154,172	120,561
Buildings and Improvements	10,975,582	11,368,874
Furniture, Fixtures and Equipment	375,393	390,614
Vehicles	<u>259,479</u>	<u>240,640</u>
<i>Total</i>	<u>\$12,315,981</u>	<u>\$12,370,689</u>

All capital assets, except land and construction in progress, are reported net of depreciation. As one can see, the District had an overall decrease in capital assets of \$54,708. The decrease is due to the annual depreciation expense of \$504,341 and net capital asset deletions of \$852 only being offset by \$450,485 in asset additions.

For further information regarding the District's capital assets, see Note 10 to the basic financial statements.

Debt

As of June 30, 2010, the District had \$1,150,341 in school facilities improvement general obligation bonds for building improvements and a capital lease of \$328,000 outstanding. The bonds were issued for a twelve-year period, with final maturity on December 1, 2015. The bonds are being retired through the Bond Retirement Debt Service Fund. The District entered into a capitalized lease for the construction of a football stadium and track. The lease will be paid off in fiscal year 2013.

Crestview Local School District
Columbiana County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

At June 30, 2010, the District's overall legal debt margin was \$8,766,540, with an un-voted debt margin of \$102,434.

For further information regarding the District's debt, see Note 16 to the basic financial statements.

Current Issues

The District is a small rural community in Northeast Ohio. The District's 2000 population was 6,200. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The District is holding its own in the state of a declining economy and uncertainty in State funding. As the preceding information shows, the District relies heavily upon property taxes, school district income tax, the state foundation program and open enrollment. The District has been working to prevent operating fund deficits by implementing budget cuts and negotiating wage freezes with all staff for the fiscal year 2011. The Board will be negotiating in fiscal year 2011, and anticipates to implement changes to the health insurance plans to reduce health insurance costs.

The District is also currently experiencing a declining resident enrollment. In order to offset the decrease, the District adopted an Open Enrollment Policy effective with the 2003 fiscal year. Currently for the 2009-2010 school year the District has a net open enrollment population of approximately 261 students.

The District believes it can eliminate any future deficits through managing costs without seeking approval of additional operating funds from its voters.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Charlene Mercure, Treasurer, Crestview Local School District, 44100 Crestview Road, Suite A, Columbiana, Ohio 44408.

Crestview Local School District

Columbiana County, Ohio

Statement of Net Assets

June 30, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,942,679
Cash and Cash Equivalents:	
With Fiscal Agents	40,424
Accrued Interest Receivable	989
Accounts Receivable	1,658
Intergovernmental Receivable	533
Income Taxes Receivable	443,917
Property Taxes Receivable	2,674,361
Inventory Held for Resale	6,795
Materials and Supplies Inventory	22,865
Prepaid Items	9,806
Nondepreciable Capital Assets	551,355
Depreciable Capital Assets, Net	11,764,626
<i>Total Assets</i>	<u>17,460,008</u>
Liabilities	
Accounts Payable	145,263
Accrued Wages and Benefits Payable	880,585
Intergovernmental Payable	257,780
Deferred Revenue	2,338,953
Accrued Interest Payable	1,907
Claims Payable	221,199
Long-Term Liabilities:	
Due Within One Year	374,644
Due In More Than One Year	1,555,467
<i>Total Liabilities</i>	<u>5,775,798</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	11,002,984
Restricted for:	
Capital Projects	32,373
Debt Service	395,172
Other Purposes	48,000
Set-asides	58,564
Unrestricted	147,117
<i>Total Net Assets</i>	<u>\$11,684,210</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
			Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$5,776,093	\$1,101,171	\$236,944	\$0 (4,437,978)
Special	1,002,130	167,294	196,136	0 (638,700)
Vocational	147,138	28,544	0	0 (118,594)
Other	53,635	11,317	0	0 (42,318)
Support Services:				
Pupils	512,477	148,905	15,841	0 (347,731)
Instructional Staff	563,297	89,545	95,832	0 (377,920)
Board of Education	27,431	5,734	0	0 (21,697)
Administration	857,994	129,360	178,828	0 (549,806)
Fiscal	344,987	67,524	0	0 (277,463)
Business	345	0	0	0 (345)
Operation and Maintenance of Plant	1,281,435	225,061	0	0 (1,056,374)
Pupil Transportation	622,684	115,503	0	0 (507,181)
Central	18,165	4,322	0	0 (13,843)
Operation of Non-Instructional Services	2,159	10	2,000	0 (149)
Operation of Food Services	571,346	281,932	264,224	0 (25,190)
Extracurricular Activities	377,086	159,954	12,731	0 (204,401)
Interest and Fiscal Charges	75,493	0	0	0 (75,493)
<i>Total Governmental Activities</i>	<u>\$12,233,895</u>	<u>\$2,536,176</u>	<u>\$1,002,536</u>	<u>\$0 (8,695,183)</u>
General Revenues				
Property Taxes Levied for:				
				1,867,086
				277,866
				304,240
				36,058
				986,986
				4,969,102
				50,114
				92,559
<i>Total General Revenues</i>				<u>8,584,011</u>
				(111,172)
<i>Net Assets Beginning of Year</i>				11,795,382
<i>Net Assets End of Year</i>				<u>\$11,684,210</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Balance Sheet
Governmental Funds
June 30, 2010

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$894,015	\$528,618	\$65	\$291,247	\$1,713,945
Accrued Interest Receivable	989	0	0	0	989
Accounts Receivable	658	0	0	1,000	1,658
Interfund Receivable	90,276	0	0	0	90,276
Intergovernmental Receivable	533	0	0	0	533
Income Taxes Receivable	443,917	0	0	0	443,917
Property Taxes Receivable	1,972,168	278,059	383,500	40,634	2,674,361
Inventory Held for Resale	0	0	0	6,795	6,795
Materials and Supplies Inventory	20,716	0	0	2,149	22,865
Prepaid Items	9,806	0	0	0	9,806
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	58,564	0	0	0	58,564
Total Assets	\$3,491,642	\$806,677	\$383,565	\$341,825	\$5,023,709
Liabilities					
Accounts Payable	\$59,243	\$0	\$3,000	\$83,020	\$145,263
Accrued Wages	849,336	0	0	31,249	880,585
Intergovernmental Payable	231,405	0	0	26,375	257,780
Interfund Payable	0	0	11,000	79,276	90,276
Deferred Revenue	2,012,277	274,191	378,202	40,122	2,704,792
Total Liabilities	3,152,261	274,191	392,202	260,042	4,078,696
Fund Balances					
Reserved for Encumbrances	141,506	0	186,001	484,952	812,459
Reserved for Textbooks	58,564	0	0	0	58,564
Reserved for Advances	26,491	3,868	5,298	512	36,169
Unreserved:					
Undesignated, Reported in:					
General Fund	112,820	0	0	0	112,820
Special Revenue Funds	0	0	0	54,808	54,808
Debt Service Funds	0	528,618	0	0	528,618
Capital Projects Funds	0	0	(199,936)	(458,489)	(658,425)
Total Fund Balances	339,381	532,486	(8,637)	81,783	945,013
Total Liabilities and Fund Balances	\$3,491,642	\$806,677	\$383,565	\$341,825	\$5,023,709

See accompanying notes to the basic financial statements

Crestview Local School District

Columbiana County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2010*

Total Governmental Fund Balances \$945,013

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 12,315,981

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds.

Property Taxes	299,239
Income Taxes	66,600
	<hr/>

Total 365,839

An internal service fund is used by management to charge
the costs of insurance to individual funds. The assets and
liabilities of the internal service fund are included in
governmental activities in the statement of net assets. (10,605)

In the statement of activities, interest is accrued on outstanding
general obligation bonds and leases, whereas in governmental
funds, an interest expenditure is reported when due. (1,907)

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds:

General Obligation Bonds	(705,000)
Capital Appreciation Bonds	(279,997)
Accretion on Bonds	(165,344)
Capital Leases	(328,000)
Compensated Absences	(451,770)
	<hr/>

Total

(1,930,111)

Net Assets of Governmental Activities

\$11,684,210

See accompanying notes to the basic financial statements

Crestview Local School District

Columbiana County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 20010

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$1,847,108	\$279,275	\$281,561	\$35,568	\$2,443,512
Income Taxes	979,174	0	0	0	979,174
Tuition and Fees	2,062,139	0	0	0	2,062,139
Interest	39,296	0	0	2,390	41,686
Charges for Services	0	0	0	263,831	263,831
Extracurricular Activities	0	0	0	189,580	189,580
Rentals	2,525	0	0	0	2,525
Contributions and Donations	6,700	0	0	19,044	25,744
Intergovernmental	4,865,430	44,231	51,521	984,712	5,945,894
Miscellaneous	38,309	0	42,995	11,255	92,559
<i>Total Revenues</i>	<u>9,840,681</u>	<u>323,506</u>	<u>376,077</u>	<u>1,506,380</u>	<u>12,046,644</u>
Expenditures					
Current:					
Instruction:					
Regular	5,200,481	0	6,745	224,862	5,432,088
Special	786,207	0	0	173,144	959,351
Vocational	133,443	0	0	0	133,443
Other	53,185	0	0	450	53,635
Support Services:					
Pupils	427,124	0	0	64,712	491,836
Instructional Staff	353,011	0	0	166,128	519,139
Board of Education	26,950	0	0	0	26,950
Administration	610,818	0	0	177,680	788,498
Fiscal	316,957	6,824	6,739	870	331,390
Operation and Maintenance of Plant	1,054,292	0	114,143	46,316	1,214,751
Pupil Transportation	546,236	0	0	0	546,236
Central	17,585	0	0	580	18,165
Operation of Non-Instructional Services	0	0	0	2,159	2,159
Operation of Food Services	0	0	0	534,409	534,409
Extracurricular Activities	203,002	0	7,000	117,075	327,077
Capital Outlay	90,690	0	359,795	0	450,485
Debt Service:					
Principal Retirement	0	245,000	100,000	0	345,000
Interest and Fiscal Charges	0	26,256	17,680	0	43,936
<i>Total Expenditures</i>	<u>9,819,981</u>	<u>278,080</u>	<u>612,102</u>	<u>1,508,385</u>	<u>12,218,548</u>
<i>Net Change in Fund Balances</i>	20,700	45,426	(236,025)	(2,005)	(171,904)
<i>Fund Balances Beginning of Year</i>	318,681	487,060	227,388	83,788	1,116,917
<i>Fund Balances End of Year</i>	<u>\$339,381</u>	<u>\$532,486</u>	<u>(\$8,637)</u>	<u>\$81,783</u>	<u>\$945,013</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana 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, 20010*

Net Change in Fund Balances - Total Governmental Funds (\$171,904)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

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

Capital Outlay	450,485
Current Year Depreciation	<u>(504,341)</u>

Total (53,856)

The net effect of various transactions involving capital assets

(i.e.; disposals, sales and donations) is a reduction in net assets.

Assets Disposed	(52,526)
Accumulated Depreciation on Disposals	<u>51,674</u>

Total (852)

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

Property Taxes	41,738
Income Taxes	<u>7,812</u>

Total 49,550

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

345,000

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

Accrued Interest on Bonds	562
Accreted Interest on Bonds	<u>(32,119)</u>

Total (31,557)

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.

37,506

The internal service fund used by management to charge the costs of insurance to individual funds are not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(285,059)

Change in Net Assets of Governmental Activities

(\$111,172)

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$2,066,107	\$1,863,431	\$1,863,431	\$0
Income Taxes	939,001	969,861	969,861	0
Tuition and Fees	1,980,714	2,045,808	2,062,365	16,557
Interest	38,740	40,013	42,751	2,738
Rentals	2,445	2,525	2,525	0
Contributions and Donations	6,487	6,700	6,700	0
Intergovernmental	4,525,184	4,673,899	4,666,022	(7,877)
Miscellaneous	40,075	41,323	41,402	79
<i>Total Revenues</i>	<u>9,598,753</u>	<u>9,643,560</u>	<u>9,655,057</u>	<u>11,497</u>
Expenditures				
Current:				
Instruction:				
Regular	5,437,090	5,468,869	5,236,471	232,398
Special	503,459	506,405	583,004	(76,599)
Vocational	147,218	148,080	137,201	10,879
Other	14,913	15,000	63,185	(48,185)
Support Services:				
Pupils	491,375	494,250	451,120	43,130
Instructional Staff	446,706	449,320	353,190	96,130
Board of Education	29,432	29,605	18,703	10,902
Administration	648,055	651,846	632,939	18,907
Fiscal	324,699	326,540	321,806	4,734
Operation and Maintenance of Plant	1,145,172	1,151,714	1,130,427	21,287
Pupil Transportation	699,696	703,752	660,636	43,116
Central	21,872	22,000	17,585	4,415
Extracurricular Activities	204,615	205,810	222,323	(16,513)
<i>Total Expenditures</i>	<u>10,114,302</u>	<u>10,173,191</u>	<u>9,828,590</u>	<u>344,601</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(515,549)	(529,631)	(173,533)	356,098
Other Financing Sources (Uses)				
Advances Out	0	0	(11,000)	(11,000)
<i>Net Change in Fund Balance</i>	(515,549)	(529,631)	(184,533)	345,098
<i>Fund Balance Beginning of Year</i>	971,020	971,020	971,020	0
Prior Year Encumbrances Appropriated	50,403	50,403	50,403	0
<i>Fund Balance End of Year</i>	<u>\$505,874</u>	<u>\$491,792</u>	<u>\$836,890</u>	<u>\$345,098</u>

See accompanying notes to the basic financial statements

Crestview Local School District

Columbiana County, Ohio

Statement of Fund Net Assets

Proprietary Fund

June 30, 2010

	<u>Internal Service</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$170,170
Cash and Cash Equivalents:	
With Fiscal Agents	<u>40,424</u>
<i>Total Assets</i>	210,594
Liabilities	
Claims Payable	<u>221,199</u>
Net Assets	
Unrestricted	<u><u>(\$10,605)</u></u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 20010*

	<u>Internal Service</u>
Operating Revenues	
Charges for Services	<u>\$1,533,384</u>
Operating Expenses	
Purchased Services	385,675
Claims	1,441,196
<i>Total Operating Expenses</i>	<u>1,826,871</u>
<i>Operating Loss</i>	(293,487)
Non-Operating Revenues	
Interest	<u>8,428</u>
<i>Change in Net Assets</i>	(285,059)
<i>Net Assets Beginning of Year</i>	<u>274,454</u>
<i>Net Assets End of Year</i>	<u><u>(\$10,605)</u></u>

See accompanying notes to the basic financial statements

Crestview Local School District

Columbiana County, Ohio

*Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 20010*

	<u>Internal Service</u>
<i>Decrease in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services	\$1,533,384
Cash Payments for Goods and Services	(385,675)
Cash Payments for Claims	<u>(1,500,096)</u>
<i>Net Cash Used for Operating Activities</i>	(352,387)
Cash Flows from Investing Activities	
Interest on Investments	<u>8,428</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(343,959)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>554,553</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$210,594</u></u>
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$293,487)
Adjustments:	
Decrease in Claims Payable	<u>(58,900)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$352,387)</u></u>
See accompanying notes to the basic financial statements	

Crestview Local School District
Columbiana County, Ohio

Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$31,740</u>
Liabilities	
Undistributed Monies	<u>\$31,740</u>

See accompanying notes to the basic financial statements

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 1 – Description of the School District and Reporting Entity

Crestview 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 of Ohio. Crestview Local School District is a local school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's three instructional/support facilities staffed by 43 non-certified and 87 certified full-time teaching personnel who provide services to approximately 1,188 students and other community members.

The Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. The District does not have any component units.

The District is associated with organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Area Cooperative Computerized Educational Service System, Columbiana County Career Center, Ohio Mid-Eastern Regional Educational Services Agency, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Program. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and its internal service fund. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. 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 charges paid by the recipient of the 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, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal 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.

Governmental Funds

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

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

Bond Retirement Debt Service Fund - The Bond Retirement Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs.

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

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds. The following is a description of the District's internal service fund.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund is a self-insurance fund that accounts for prescription drug, dental and vision claims of the District's employees.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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 and the statements for the proprietary and fiduciary are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or 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 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the 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, income taxes, interest, tuition, grants, investment earnings and student fees.

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

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

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

E. Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The primary level of budgetary control is at the function level within the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the object level within the General Fund and the function and object level in all other funds are made by the Treasurer.

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

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

F. Cash and Investments

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

During fiscal year 2010, investments were limited to STAR Ohio and Federal Home Loan Bank Bonds and repurchase agreements. Investments in nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010.

As authorized by Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$39,296, which includes \$6,358 assigned from other District funds.

For presentation of the 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 that are not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

H. Inventory

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

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside for the acquisition of textbooks and materials. See Note 18 for additional information regarding set asides.

J. Capital Assets

General capital assets are those assets not specifically related to activities. These 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 on the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Building Improvements	30 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years

K. Interfund Balances

On the 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 columns of the statement of net assets, except for any net residual amounts due between governmental activities, which are presented as internal balances.

L. Compensated Absences

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

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

M. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, and are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions 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 fiscal year. Bonds, and long-term loans are recognized as a liability on the governmental fund financial statements when due.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any 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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$534,109, none of which is restricted by enabling legislation. Net assets restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

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

O. Fund Balance Reserves and Designations

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, textbook purchases and advances.

The reserve for advances represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

P. 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 financial statements. There were no interfund transfers made during fiscal year 2010.

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Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs that are incurred to provide the good or service that is the primary activity of the fund. Any revenue or expense not meeting the definition of operating is reported as non-operating.

R. Estimates

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

S. 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 District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

Note 3 – Change in Accounting Principles

For fiscal year 2010, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple Employer Plans", and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 53 enhances the usefulness and comparability of derivative instrument information reported by state and local governments. This statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions. The implementation of GASB Statement No. 53 did not result in any changes to the District's financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of GASB Statement No. 57 did not result in any changes to the District's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of GASB Statement No. 58 did not result in any changes to the District's financial statements.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 4 – Accountability and Compliance

A. Accountability

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Major Governmental Fund:</u>	<u>Deficit</u>
Permanent Improvement	\$8,637
Nonmajor Governmental Funds:	
Food Service	115,661
Entry Year Teacher	700
IDEA Part B	57,401
Fiscal Stabilization	113
Drug Free School Grant	43
Improving Teacher Quality	111

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

B. Compliance

The food service special revenue fund had a negative cash balance of \$78,576 at June 30, 2010, indicating that revenues from other sources were used to pay obligations of the fund, contrary to Ohio Revised Code Section 5705.10. Management has indicated that all cash balances will be closely monitored to ensure no future violations.

Note 5 – Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual 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 fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions.

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

Net Change in Fund Balance	
GAAP Basis	\$20,700
Net Adjustment for Revenue Accruals	(185,624)
Advances Out	(11,000)
Net Adjustment for Expenditure Accruals	184,063
Adjustment for Encumbrances	<u>(192,672)</u>
Budget Basis	<u><u>(\$184,533)</u></u>

Note 6 – Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active 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 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 monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the agreement by at least two percent and to 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 or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. 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.

At year end, the District had \$461 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

At June 30, 2010, the District's internal service fund had a balance of \$40,424 with OME-RESA, a claims servicing pool (See Note 12). The balance is held by the claims administrator in a pooled account, which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$817,926 of the District's bank balance of \$1,679,131 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

Investments

As of June 30, 2010, the District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
STAROhio	\$2,644	Six Months or Less
Federal Home Loan Bank Bonds	300,000	More than Three Years
Total Investments	\$302,644	

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For the Fiscal Year Ended June 30, 2010*

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk – Federal Home Loan Bank Bonds and STAR Ohio carry a rating of AAA by Standard and Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Investments in commercial paper are limited to notes rated at the time of purchase to the highest classification established by two nationally recognized standard rating services. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Bonds are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the District’s name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. The following is the School District’s allocation as of June 30, 2010:

Investment	Percentage of Investment
Federal Home Loan Bank Bonds	99.13%
STAR Ohio	0.87%
Total	100.00%

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, 2010:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Assets</u>	
Carrying amount of deposits	\$1,671,314	Governmental Activities	\$1,983,103
Investments	302,644	Agency Funds	31,740
Cash with fiscal agent	40,424		
Cash on hand	461		
Total	\$2,014,843		\$2,014,843

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 7 – Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes for 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, 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 revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property) represents the collection of 2010 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. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The District receives property taxes from Columbiana 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, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2010 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amount available as an advance at June 30, 2010 was \$26,491 in the general fund, \$3,868 in the bond retirement debt service fund, \$5,298 in the permanent improvement capital projects fund, and \$512 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2009 was \$42,814 in the general fund, \$7,220 in the bond retirement debt service fund, \$4,223 in the permanent improvement capital projects fund, and \$821 in the classroom facilities maintenance special revenue fund.

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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second		2010 First	
	Half Collections		Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$94,698,590	94.36 %	\$96,083,440	93.80 %
Public Utility Personal	5,659,883	5.64	6,350,460	6.20
Tangible Personal Property	0	0.00	0	0.00
Total	\$100,358,473	100.00 %	\$102,433,900	100.00 %
Tax rate per \$1,000 of assessed valuation	\$36.62		\$36.62	

Note 8 – School District Income Tax

The voters of the District passed a 1 percent permanent school district income tax in the November 1989 election that became effective January 1, 1990. School district income tax revenue received by the General Fund during fiscal year 2010 was \$979,174 on a modified accrual basis.

Note 9 - Receivables

Receivables at June 30, 2010, consisted of property taxes, income taxes, accounts (rent and student fees), intergovernmental and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables follows:

Property Taxes Receivable	\$2,674,361
Income Taxes Receivable	443,917
Accounts Receivable	1,658
Accrued Interest Receivable	989
Intergovernmental Receivable	533
Total	\$3,121,458

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Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance 6/30/2009	Additions	Deletions	Balance 6/30/2010
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$250,000	\$0	\$0	\$250,000
Construction in Progress	0	301,355	0	301,355
Total Capital Assets, not being depreciated:	250,000	301,355	0	551,355
Capital Assets, being depreciated:				
Land Improvements	131,126	37,794	0	168,920
Buildings and Building Improvements	16,962,874	14,022	0	16,976,896
Furniture, Fixtures and Equipment	728,916	20,646	(7,866)	741,696
Vehicles	894,001	76,668	(44,660)	926,009
Total Capital Assets, being depreciated:	18,716,917	149,130	(52,526)	18,813,521
Less Accumulated Depreciation:				
Land Improvements	(10,565)	(4,183)	0	(14,748)
Buildings and Building Improvements	(5,594,000)	(407,314)	0	(6,001,314)
Furniture, Fixtures and Equipment	(338,302)	(35,015)	7,014	(366,303)
Vehicles	(653,361)	(57,829)	44,660	(666,530)
Total Accumulated Depreciation	(6,596,228)	(504,341)	51,674	(7,048,895)
Total Capital Assets being depreciated, net	12,120,689	(355,211)	(852)	11,764,626
Governmental Activities Capital Assets, Net	\$12,370,689	(\$53,856)	(\$852)	\$12,315,981

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$201,455
Special	36,692
Vocational	7,950
Support Services:	
Pupil	10,270
Instructional Staff	30,020
Administration	40,161
Fiscal	7,601
Business	345
Operation and Maintenance of Plant	41,856
Pupil Transportation	68,937
Operation of Food Services	17,579
Extracurricular Activities	41,475
Total Depreciation Expense	\$504,341

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 11 – Interfund Activity

A. Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization. Transfers are also used to close out the funds that are no longer required. The School District did not make any interfund transfers during fiscal year 2010.

B. Interfund Receivable/Payable

At June 30, 2010, interfund receivables/payables consisted of a \$700 advance not repaid to the general fund from the entry year teacher special revenue fund from the prior fiscal year, and a \$78,576 GAAP advance made to the food service fund from the general fund to cover a negative cash balance. The only other advance made during the fiscal year was an advance made from the general fund to the permanent improvement capital projects fund for \$11,000.

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.

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 2010, the District has contracted with the following insurance companies to provide coverage in the following amounts:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Ohio Casualty		
General Liability:		
Each Occurrence	\$1,000,000	\$0
Aggregate	2,000,000	0
Umbrella Liability:		
Each Occurrence	1,000,000	0
Aggregate	3,000,000	0
Ohio Casualty		
Fleet:		
Comprehensive	2,000,000	500
Collision	2,000,000	500
Ohio Casualty		
Building and Contents	20,028,754	1,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2010.

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B. Health and Dental Insurance

The District belongs to the Ohio Mid Eastern Regional Educational Service Agency (OMERESA) to self insure its medical claims. OMERESA currently includes 50 member school districts. Contributions are determined by the consortium's board of directors and are remitted monthly to the consortium's fiscal agent, Jefferson County Educational Service Center, who then pays all incurred claims. Thus actual cash "reserves" are held by the fiscal agent. Settlements have never exceeded insurance coverage.

Self Funded Plans, Inc., a third party administrator, services all health/medical claims submitted by employees. An excess coverage insurance policy covers individual claims in excess of \$50,000 per employee consortium wide.

The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$221,199, reported in the fund at year end was estimated by the third party administrator and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Claims in the fund's claims liability during fiscal years 2009 and 2010 were:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Payments	Ending Balance
2009	\$183,581	1,526,461	1,429,943	\$280,099
2010	280,099	1,441,196	1,500,096	221,199

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

C. OASBO Group Rating Program

The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool, which was established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School business Officials Workers' Compensation Group Rating Program (the Program) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program 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 in the GRP. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the GRP.

The District continues to carry commercial insurance for all other risks of loss including liability insurance for all District employees. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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Notes to the Basic Financial Statements
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Note 13 – Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$145,204, \$106,735, and \$102,166, respectively; 26.8 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the “money-purchase benefit” calculation, a member's lifetime contributions plus interest at

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by three percent of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit 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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. 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.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2010, were 10 percent of covered payroll for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008, were \$611,054, \$588,718, and \$573,075, respectively; 83.2 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were not available at the time this report was issued.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2009 *Comprehensive Annual Financial Report* were available after December 4, 2009.

Additional information or copies of STRS Ohio's 2009 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, four board members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 – Postemployment Benefits

A. School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan for School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2010 was \$96.40, SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2010, the actuarially required allocation is .76 percent. The District's contributions for the years ended June 30, 2010, 2009 and 2008 were \$8,635, \$8,806 and \$8,365, respectively, which equaled the required contributions each year.

Health Care Plan – ORC Sections 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administers in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the fiscal year ended June 30, 2010, the health care allocation is 1.22 percent. An additional health care surcharge on employers is allocated for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2010, 2009 and 2008 were \$38,048, \$72,331 and \$61,997, respectively; 26.8 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

B. State Teachers Retirement System of Ohio

Plan Description – The District contributes to a cost-sharing multiple-employer defined benefit Health Care 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 STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio website at www.strsoh.org.

Funding Policy – Ohio law authorizes STRS Ohio to offer Health Care 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 Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contribution for health care for the fiscal year ended June 30, 2010, 2009 and 2008 were \$47,004, \$45,286 and \$44,083 respectively; 83.2 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 15 – Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 2 weeks of vacation per year after 1 year of service, 3 weeks of vacation per year after 8 years of service, and 4 weeks of vacation per year after 15 years of service. The 4 principals, special education supervisor, superintendent and Treasurer do not earn vacation; their contracts are for a specific number of days and the rest of the year are non-contract days. The high school principal is contracted for 240 days, the middle school principal for 240 days, the elementary principal for 220 days, and the superintendent for 240 days. The Treasurer is contracted for 240 days, the special education supervisor for 220 days, and the assistant principal 220 days. Accumulated, unused vacation time is not paid to classified employees and administrators upon termination of employment. Certified employees do not earn vacation.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-quarter days per month. Sick leave may be accumulated up to a maximum of 15 days per year for all personnel. The total lifetime maximum sick leave accumulation for personnel is 235 days for certified employees, and 235 days for classified employees. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 47 days for certified employees, and 48 days for classified employees.

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 16 - Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	Principal Outstanding 6/30/09	Additions	Deductions	Principal Outstanding 6/30/10	Amounts due in One Year
General Obligation Bonds:					
<i>2003 School Facilities Refunding Bonds</i>					
Current Interest Serial Bonds - 3.43%	\$950,000	\$0	(\$245,000)	\$705,000	\$240,000
Capital Appreciation Bonds - 7.73%	279,997	0	0	279,997	0
Accretion on Capital Appreciation Bonds	133,225	32,119	0	165,344	0
Total General Obligation Bonds	1,363,222	32,119	(245,000)	1,150,341	240,000
Other Long-Term Obligations:					
Capital Lease Obligation	428,000	0	(100,000)	328,000	104,000
Compensated Absences	489,276	2,107	(39,613)	451,770	30,644
<i>Total Governmental Long-Term Obligations</i>	<u><u>\$2,280,498</u></u>	<u><u>\$34,226</u></u>	<u><u>(\$384,613)</u></u>	<u><u>\$1,930,111</u></u>	<u><u>\$374,644</u></u>

Refunding bonds, series 2003: On November 15, 2003, the District issued general obligation bonds in order to advance refund the entire outstanding balance of the current interest construction bonds, series 1993. Proceeds of the issuance were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds, par value \$2,200,000, and capital appreciation bonds, par value \$279,997. The interest rates on the current interest bonds range from 1.50 percent to 3.50 percent. The capital appreciation bonds mature on December 1, 2015 at a redemption price equal to 100 percent of the principal plus accreted interest to the redemption date. The present value (as of the issue date) reported on the statement of net assets at June 30, 2010 is \$279,997. Total accreted interest of \$165,344 has been included on the statement of net assets.

Neither the current interest bonds nor the capital appreciation bonds are subject to early redemption.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity of the current interest bonds is December 1, 2012. The bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. The source of payment is derived from the current 5.92 mill bonded debt tax levy.

Compensated absences will be paid from the general fund and the food service, Education Stabilization and Title I special revenue funds.

The School District's overall legal debt margin was \$8,766,540 with an unvoted debt margin of \$102,434 at June 30, 2010.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Principal requirements to retire general obligation debt outstanding at June 30, 2010, are as follows:

Fiscal Year Ended	Current Interest Bonds, Series 2003			Capital Appreciation Bonds, Series 2003		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$240,000	\$19,287	\$259,287	\$0	\$0	\$0
2012	235,000	11,869	246,869	0	0	0
2013	230,000	4,025	234,025	0	0	0
2014	0	0	0	105,021	119,979	225,000
2015	0	0	0	90,823	119,177	210,000
2016	0	0	0	84,153	125,847	210,000
Total	\$705,000	\$35,181	\$740,181	\$279,997	\$365,003	\$645,000

Note 17 - Capitalized Leases

In a prior fiscal year, the District entered into a capitalized lease for the construction of a football stadium and track. This lease obligation meets the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, "Accounting for Leases," and has been recorded on the government-wide statements. The football stadium and track have been capitalized in the amount of \$956,000, the present value of the minimum lease payments at the inception of the lease.

The assets acquired through capital leases are as follows:

<i>Assets:</i>	<u>Governmental Activities</u>
Football Stadium and Track	\$956,000
Less: Accumulated Depreciation	<u>(525,800)</u>
Total Book Value as of June 30, 2010	<u><u>\$430,200</u></u>

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

<u>Fiscal Year Ending June 30,</u>	
2011	\$117,055
2012	117,017
2013	<u>117,720</u>
Total Minimum Lease Payments	351,792
Less: Amount Representing Interest	<u>(23,792)</u>
Present Value of Minimum Lease	<u><u>\$328,000</u></u>

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

Crestview Local School District
Columbiana County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 18 - Set-Aside Calculations and Fund 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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years

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

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2009	\$75,777	\$0
Current Year Set-Aside Requirement	188,278	188,278
Qualifying Disbursements	(205,491)	0
Current year offsets	0	(375,803)
Total	\$58,564	(\$187,525)
Set-Aside Balance Carried Forward to		
Future Fiscal Years	\$58,564	\$0
Cash balance as of June 30, 2010	\$58,564	\$0

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

Note 19 – Jointly Governed Organizations

A. Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System/ACCESS Assembly (ACCESS) is a consortium of twenty-six school districts in Mahoning and Columbiana Counties, two educational service centers, twenty non-public schools and two Special Education Regional Resource Centers.

The jointly governed organization was formed for the purpose of utilizing computers and other electronic equipment for administrative and instructional functions among member districts. These include educational management information system services, fiscal services, library services, network services and student services.

ACCESS is governed by an Assembly, which makes all decisions regarding programs, fees, budget and policy. The Assembly is composed of the Superintendent of each of the member districts. Assembly members may designate proxy attendees at meetings for voting purposes. The Assembly meets twice per year, once in November and once in May. Budgets and fees are discussed at the fall meeting, while the Board of Directors are chosen at the spring meeting.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

While the Assembly has overall governance for ACCESS, the Board of Directors is selected to make the majority of the day to day operational decisions. Everything from equipment purchases, contracts, personnel action and financial oversight is handled by the Board. The Board is made up of two superintendents each from both Mahoning and Columbiana counties, and the superintendents from both the Mahoning County and Columbiana County Educational Service Centers. The ACCESS Executive Director and the Treasurer are also part of the Board of Directors, but are non-voting members.

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. The School District paid \$22,585 to ACCESS during fiscal year 2010. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Suite 220, Youngstown, Ohio, 44512.

B. Columbiana County Career Center

The Columbiana County Career Center is a jointly governed organization, which provides for the vocational and special education needs for the students of 8 participating school districts. The Board of Education members are appointed by the local boards of education from among one of its elected members. The Career Center Board of Education exercises total control over its operations, including budgeting, appropriating, contracting, and the designation of management. All revenues are generated from tax levies, State funding, and fees. Financial information is available from the Columbiana County Career Center, Treasurer's Office, 9364 State Route 45, Lisbon, Ohio 44432.

Note 20 – Group Purchasing Pools

A. Ohio Mid-Eastern Regional Educational Services Agency

The District is a participant with several other school districts in an insurance purchasing pool to operate the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA). OME-RESA was formed for the purpose of providing insurance. OME-RESA is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board.

B. Ohio Association of Schools Business Officials Workers' Compensation Group Rating Program

The District participates in a group-rating program for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School business Officials Workers' Compensation Group Rating Program (the Program) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

Note 21 - Contingencies

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Crestview Local School District
Columbiana County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

B. Litigation

There are currently no matters in litigation with the District as defendant.

Note 22 – Subsequent Events

On September 15, 2010, the District issued certificates of participation for the performing arts center with final settlement on September 29, 2010. The total amount of certificates issued was \$4,800,000 and net proceeds to the District, after expenses, were \$4,596,961. The certificates will mature on September 15, 2030.

Note 23 – New Accounting Standards

In November of 2007, the GASB issued Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments.” This Statement establishes accounting and financial reporting standards for all state and local governments that enter into derivative instruments as defined in this Statement. Statement No. 53 will not be effective for the District until fiscal year 2011 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In February of 2009, the GASB issued Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. The objective of this Statement is to improve the usefulness, including the understandability, of governmental fund balance information. This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users to better understand the purposes for which governments have chosen to use particular funds for financial reporting. Statement No. 54 will not be effective for the District until fiscal year 2011.

CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
Nutrition Cluster:			
National School Breakfast Program	10.553	\$ 49,806	\$ 49,806
National School Lunch Program	10.555	211,138	211,138
Total Nutrition Cluster Grant		260,944	260,944
Team Nutrition Mini Grant	10.574	2,000	2,000
Total Department of Agriculture		262,944	262,944
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education:</i>			
Title 1, Part A Cluster:			
Title 1 Grants to Local Educational Agencies	84.010	201,154	199,254
ARRA - Title I Grants to Local Educational Agencies - Recovery Act	84.389	42,564	38,142
Total Title I, Part A Cluster		243,718	237,396
Special Education Cluster:			
ARRA - Special Education_Grants to States, Recovery Act	84.391	92,458	68,427
Safe and Drug Free Schools and Communities - State Grants	84.186	3,892	3,690
Education Technology State Grants (Title II-D)	84.318	1,801	1,801
Improving Teacher Quality State Grants (Title II)	84.367	68,527	68,527
ARRA - State Fiscal Stabilization Fund, Recovery Act	84.394	286,062	280,073
Total Department of Education		696,458	659,914
Totals		\$959,402	\$922,858

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

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.



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*

Crestview Local School District
Columbiana County
44100 Crestview Road Suite A
Columbiana, Ohio 44408

To the Board of Education:

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

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated December 28, 2010.

We intend this report solely for the information and use of management, the audit committee, board of education, federal awarding agencies and pass-through entities and others within the School District. 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 28, 2010



Mary Taylor, CPA

Auditor of State

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

Crestview Local School District
Columbiana County
44100 Crestview Road Suite A
Columbiana, Ohio 44408

To the Board of Education:

Compliance

We have audited the compliance of Crestview Local School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Crestview Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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



Mary Taylor, CPA
Auditor of State

December 28, 2010

**CRESTVIEW LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title 1 Cluster (84.010 & 84.389) State Fiscal Stabilization Fund (84.394)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Mary Taylor, CPA
Auditor of State

CRESTVIEW LOCAL SCHOOL DISTRICT

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 18, 2011**