



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**





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January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State



**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Crestview Local School District  
Columbiana County  
44100 Crestview Road #A  
Columbiana, Ohio 44408-9606

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Crestview Local School District, Columbiana County, (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Crestview Local School District, Columbiana County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types 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 5, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

December 5, 2002





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**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 2002**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,005,461	\$228,246	\$339,576	\$521,747
Cash with Fiscal Agents				
Investments				
Receivables:				
Taxes	1,726,371	35,613	420,497	
Accounts	432			
Intergovernmental	30	10,592		
Accrued Interest	20,673			
Interfund Receivable	25,377			
Income Tax	352,709			
Materials and Supplies Inventory	22,842			
Prepaid Items	19,468			
Advances to Other Funds	33,581			
Fixed Assets				
Accumulated Depreciation				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of Long-Term Obligations				
Amount to be Provided From General Government Resources				
<b>Total Assets and Other Debits</b>	<u>\$3,206,944</u>	<u>\$274,451</u>	<u>\$760,073</u>	<u>\$521,747</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$3,546	\$9,660		
Accrued Wages and Benefits	818,012	72,026		
Compensated Absences Payable	22,918			
Interfund Payable		5,191		
Intergovernmental Payable	103,002	8,759		
Deferred Revenue	1,613,763	43,680	\$390,039	
Due to Students				
Claims Payable				
Advances from Other Funds				
Energy Conservation Loan Payable				
Asbestos Abatement Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	<u>2,561,241</u>	<u>139,316</u>	<u>390,039</u>	
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	127,128	32,943		\$301,441
Reserved for Inventory	22,842			
Reserved for Prepaid Items	19,468			
Reserved for Debt Service Principal			339,576	
Reserved for Advances	33,581			
Reserved for Property Taxes	112,608	2,525	30,458	
Unreserved:				
Unreserved, Undesignated	330,076	99,667		220,306
Total Fund Equity and Other Credits	<u>645,703</u>	<u>135,135</u>	<u>370,034</u>	<u>521,747</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$3,206,944</u>	<u>\$274,451</u>	<u>\$760,073</u>	<u>\$521,747</u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$2,304	\$69,138 554,678	\$46,543  117,705			\$2,213,015 554,678 117,705
289		162			2,182,481 721 10,622 20,835 25,377 352,709
9,581					32,423 19,468 33,581
322,182 (78,920)			\$20,101,472		20,423,654 (78,920)
				\$370,034	370,034
				3,101,734	3,101,734
<u>\$255,436</u>	<u>\$623,816</u>	<u>\$164,410</u>	<u>\$20,101,472</u>	<u>\$3,471,768</u>	<u>\$29,380,117</u>
\$35,000 12,899 19,000 10,219 6,676	\$65,937	\$632  1,186  21,442		\$505,006  45,121	\$13,838 925,038 540,823 25,377 167,101 2,054,158 21,442 65,937 33,581 82,826 8,815 2,830,000
33,581				82,826 8,815 2,830,000	82,826 8,815 2,830,000
<u>117,375</u>	<u>65,937</u>	<u>23,260</u>		<u>3,471,768</u>	<u>6,768,936</u>
257,206			\$20,101,472		20,101,472 257,206
(119,145)	557,879				438,734
					461,512 22,842 19,468 339,576 33,581 145,591
		141,150			791,199
<u>138,061</u>	<u>557,879</u>	<u>141,150</u>	<u>20,101,472</u>		<u>22,611,181</u>
<u>\$255,436</u>	<u>\$623,816</u>	<u>\$164,410</u>	<u>\$20,101,472</u>	<u>\$3,471,768</u>	<u>\$29,380,117</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Revenues:</b>		
Intergovernmental	\$4,730,135	\$519,351
Interest	92,851	
Tuition and Fees	31,986	
Rent	1,137	
Extracurricular Activities		164,840
Gifts and Donations	2,240	5,331
Income Tax	872,657	
Property & Other Local Taxes	1,706,471	36,684
Miscellaneous	3,281	3,833
<b>Total Revenues</b>	<b>7,440,758</b>	<b>730,039</b>
<b>Expenditures:</b>		
Instruction:		
Regular	3,519,172	139,150
Special	367,330	363,169
Vocational	133,022	
Other	7,901	
Support services:		
Pupils	525,210	84,140
Instructional Staff	405,362	8,527
Board of Education	20,035	
Administration	691,779	379
Fiscal	203,966	734
Business	775	
Operation and Maintenance of Plant	815,102	25,306
Pupil Transportation	394,983	
Central	24,003	
Extracurricular Activities	152,974	120,766
Capital Outlay	188,829	
Debt Service		
Debt Service - Principal		
Debt Service - Interest		
<b>Total Expenditures</b>	<b>7,450,443</b>	<b>742,171</b>
Excess of Revenues Over (Under) Expenditures	(9,685)	(12,132)
<b>Other Financing Sources and Uses</b>		
Operating Transfers In		
Other Financing Sources	1,434	9,893
Operating Transfer Out	(357,452)	
<b>Total Other Financing Sources (Uses)</b>	<b>(356,018)</b>	<b>9,893</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(365,703)	(2,239)
Fund Balance at Beginning of Year	1,011,406	137,374
<b>Fund Balance at End of Year</b>	<b>\$645,703</b>	<b>\$135,135</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Governmental Fund Types		Fiduciary Fund Types	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$44,655	\$60,701		\$5,354,842
1,302		\$5,234	99,387
			31,986
			1,137
		580	165,420
		14,421	21,992
			872,657
419,144			2,162,299
	5,000		12,114
<u>465,101</u>	<u>65,701</u>	<u>20,235</u>	<u>8,721,834</u>
	51,851	6,518	3,716,691
			730,499
			133,022
		12,072	19,973
		2,114	611,464
			413,889
			20,035
			692,158
8,321			213,021
			775
	5,824		846,232
		701	394,983
			24,704
			273,740
	22,855		211,684
181,533			181,533
166,521			166,521
<u>356,375</u>	<u>80,530</u>	<u>21,405</u>	<u>8,650,924</u>
<u>108,726</u>	<u>(14,829)</u>	<u>(1,170)</u>	<u>70,910</u>
	357,452		357,452
			11,327
			(357,452)
	<u>357,452</u>		<u>11,327</u>
108,726	342,623	(1,170)	82,237
261,308	179,124	142,320	1,731,532
<u>\$370,034</u>	<u>\$521,747</u>	<u>\$141,150</u>	<u>\$1,813,769</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Governmental Fund Types</b>		
	<b>General</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Intergovernmental	\$4,731,222	\$4,730,105	(\$1,117)
Interest	99,015	108,595	9,580
Tuition and Fees	31,600	31,830	230
Rent	1,000	1,137	137
Extracurricular Activities			
Gifts and Donations	240	2,240	2,000
Income Tax	824,394	824,394	
Property & Other Local Taxes	1,705,371	1,663,197	(42,174)
Miscellaneous	1,000	3,686	2,686
<b>Total Revenues</b>	<b>7,393,842</b>	<b>7,365,184</b>	<b>(\$28,658)</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	3,557,519	3,422,921	134,598
Special	393,613	364,387	29,226
Vocational	116,845	129,056	(12,211)
Other	14,000	7,901	6,099
Support services:			
Pupils	622,677	516,481	106,196
Instructional Staff	429,960	380,693	49,267
Board of Education	31,210	23,508	7,702
Administration	640,475	663,994	(23,519)
Fiscal	219,939	204,592	15,347
Business		775	(775)
Operation and Maintenance of Plant	873,014	846,996	26,018
Pupil Transportation	596,861	465,772	131,089
Central	24,100	23,994	106
Extracurricular activities		152,567	(152,567)
Capital Outlay	207,231	222,155	(14,924)
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
<b>Total Expenditures</b>	<b>7,727,444</b>	<b>7,425,792</b>	<b>301,652</b>
Excess of Revenues Over (Under) Expenditures	<b>(333,602)</b>	<b>(60,608)</b>	<b>272,994</b>
<b>Other Financing Sources and Uses</b>			
Operating Transfers In			
Refund of Prior Year Expenditures	4,000	4,020	20
Advances In	1,000	1,610	610
Other Financing Sources			
Operating Transfers Out	(357,452)	(357,452)	
Advances Out	(24,377)	(24,377)	
<b>Total Other Financing Sources (Uses)</b>	<b>(376,829)</b>	<b>(376,199)</b>	<b>630</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(710,431)	(436,807)	273,624
Fund Balances at Beginning of Year	1,025,295	1,025,295	
Prior Year Encumbrances Appropriated	285,590	285,590	
<b>Fund Balance at end of Year</b>	<b>\$600,454</b>	<b>\$874,078</b>	<b>\$273,624</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**Governmental Fund Types**

<b>Special Revenue</b>			<b>Debt Service</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
\$503,558	\$518,298	\$14,740	\$44,655	\$44,655	
			1,302	1,302	
164,285	164,840	555			
5,331	5,331				
35,422	35,422		402,378	402,378	
3,833	3,833				
<u>712,429</u>	<u>727,724</u>	<u>15,295</u>	<u>448,335</u>	<u>448,335</u>	
136,861	133,427	3,434			
368,577	345,279	23,298			
87,819	85,561	2,258			
37,444	15,890	21,554			
30,000		30,000			
800	734	66	8,449	8,321	\$128
52,000	51,978	22			
130,454	120,844	9,610			
			183,000	181,533	1,467
			171,000	166,521	4,479
<u>843,955</u>	<u>753,713</u>	<u>90,242</u>	<u>362,449</u>	<u>356,375</u>	<u>6,074</u>
<u>(131,526)</u>	<u>(25,989)</u>	<u>105,537</u>	<u>85,886</u>	<u>91,960</u>	<u>6,074</u>
4,191	4,191				
9,893	9,893				
<u>14,084</u>	<u>14,084</u>				
(117,442)	(11,905)	105,537	85,886	91,960	6,074
157,214	157,214		247,616	247,616	
43,560	43,560				
<u>\$83,332</u>	<u>\$188,869</u>	<u>\$105,537</u>	<u>\$333,502</u>	<u>\$339,576</u>	<u>\$6,074</u>

(Continued)

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Governmental Fund Types</b>		
	<b>Capital Projects</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Intergovernmental	\$52,001	\$60,701	\$8,700
Interest			
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Income Tax			
Property & Other Local Taxes			
Miscellaneous	5,000	5,000	
<b>Total Revenues</b>	<u>57,001</u>	<u>65,701</u>	<u>8,700</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	371,442	371,292	150
Special			
Vocational			
Other			
Support services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal			
Business			
Operation and Maintenance of Plant	6,000	5,824	176
Pupil Transportation			
Central			
Extracurricular activities			
Capital Outlay	25,000	22,855	2,145
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
<b>Total Expenditures</b>	<u>402,442</u>	<u>399,971</u>	<u>2,471</u>
Excess of Revenues Over (Under) Expenditures	<u>(345,441)</u>	<u>(334,270)</u>	<u>11,171</u>
<b>Other Financing Sources and Uses</b>			
Operating Transfers In	357,452	357,452	
Refund of Prior Year Expenditures			
Advances In			
Other Financing Sources			
Operating Transfers Out			
Advances Out			
<b>Total Other Financing Sources (Uses)</b>	<u>357,452</u>	<u>357,452</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	12,011	23,182	11,171
Fund Balances at Beginning of Year	178,899	178,899	
Prior Year Encumbrances Appropriated	18,225	18,225	
<b>Fund Balance at end of Year</b>	<u>\$209,135</u>	<u>\$220,306</u>	<u>\$11,171</u>

*The notes to the general-purpose financial statements are an integral part of this statement.*



Fiduciary Fund Types			Totals (Memorandum Only)		
Expendable Trust					
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
			\$5,331,436	\$5,353,759	\$22,323
\$5,093	\$5,559	\$466	105,410	115,456	10,046
			31,600	31,830	230
			1,000	1,137	137
580	580		164,865	165,420	555
14,421	14,421		19,992	21,992	2,000
			824,394	824,394	
			2,143,171	2,100,997	(42,174)
			9,833	12,519	2,686
<u>20,094</u>	<u>20,560</u>	<u>466</u>	<u>8,631,701</u>	<u>8,627,504</u>	<u>(4,197)</u>
8,000	6,518	1,482	4,073,822	3,934,158	139,664
			762,190	709,666	52,524
12,800	12,800		116,845	129,056	(12,211)
			26,800	20,701	6,099
2,114	2,114		712,610	604,156	108,454
500		500	467,904	396,583	71,321
			31,210	23,508	7,702
			670,475	663,994	6,481
			229,188	213,647	15,541
				775	(775)
			931,014	904,798	26,216
			596,861	465,772	131,089
740	702	38	24,840	24,696	144
			130,454	273,411	(142,957)
			232,231	245,010	(12,779)
			183,000	181,533	1,467
			171,000	166,521	4,479
<u>24,154</u>	<u>22,134</u>	<u>2,020</u>	<u>9,360,444</u>	<u>8,957,985</u>	<u>402,459</u>
<u>(4,060)</u>	<u>(1,574)</u>	<u>2,486</u>	<u>(728,743)</u>	<u>(330,481)</u>	<u>398,262</u>
			357,452	357,452	
			4,000	4,020	20
			5,191	5,801	610
			9,893	9,893	
			(357,452)	(357,452)	
			(24,377)	(24,377)	
			<u>(5,293)</u>	<u>(4,663)</u>	<u>630</u>
(4,060)	(1,574)	2,486	(734,036)	(335,144)	398,892
141,834	141,834		1,750,858	1,750,858	
			347,375	347,375	
<u>\$137,774</u>	<u>\$140,260</u>	<u>\$2,486</u>	<u>\$1,364,197</u>	<u>\$1,763,089</u>	<u>\$398,892</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Proprietary Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Internal Service</b>	
<b>Operating Revenues:</b>			
Sales	\$199,335		\$199,335
Charges for Services		\$1,038,980	1,038,980
Total Operating Revenues	<u>199,335</u>	<u>1,038,980</u>	<u>1,238,315</u>
<b>Operating Expenses</b>			
Salaries	150,091		150,091
Fringe Benefits	58,546	362,215	420,761
Purchased Services	5,439	143,893	149,332
Materials and Supplies	137,844		137,844
Depreciation	16,018		16,018
Other	107	416,398	416,505
Total Operating Expenses	<u>368,045</u>	<u>922,506</u>	<u>1,290,551</u>
Operating Income (Loss)	(168,710)	116,474	(52,236)
<b>Non-Operating Revenues and Expenses</b>			
Federal Donated Commodities	19,685		19,685
Interest		17,210	17,210
Federal and State Subsidies	101,192		101,192
Total Non-Operating Revenues and Expenses	<u>120,877</u>	<u>17,210</u>	<u>138,087</u>
Net Income (Loss)	(47,833)	133,684	85,851
Retained Earnings at Beginning of Year	(70,391)	424,195	353,804
Retained Earnings at End of Year	<u>(119,145)</u>	<u>557,879</u>	<u>439,655</u>
Contributed Capital at Beginning of Year	257,206		257,206
Contributed Capital at End of Year	<u>257,206</u>		<u>257,206</u>
Total Fund Equity at End of Year	<u>\$138,061</u>	<u>\$557,879</u>	<u>\$696,861</u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Proprietary Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Internal Service</b>	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$199,046		\$199,046
Cash Received from Charges for Services		\$1,038,980	1,038,980
Cash Payments to Suppliers for Goods and Service	(128,997)		(128,997)
Cash Payments for Contract Services	(7,703)	(282,086)	(289,789)
Cash Payments for Employee Services	(130,418)		(130,418)
Cash Payments for Employee Benefits	(56,673)	(362,215)	(418,888)
Other Cash Payments	(107)	(416,398)	(416,505)
Net Cash Provided (Used) by Operating Activities	<u>(124,852)</u>	<u>(21,719)</u>	<u>(146,571)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	101,192		101,192
Advances In	19,000		19,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>120,192</u>		<u>120,192</u>
Cash Flows from Investing Activities:			
Interest Received		17,210	17,210
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(194)		(194)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(194)</u>		<u>(194)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,854)	(4,509)	(9,363)
Cash and Cash Equivalents at Beginning of Year	7,158	628,325	635,483
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$2,304</u>	<u>\$623,816</u>	<u>\$626,120</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(\$168,710)	\$116,474	(\$52,236)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:			
Depreciation	16,018		16,018
Donated Commodities Used During the Year	19,685		19,685
Adjustments for Noncash Transactions	198		198
(Increase) Decrease in Assets:			
Accounts Receivable	(289)		(289)
Material and Supplies Inventory	1,479		1,479
Increase (Decrease) in Liabilities:			
Accounts Payable	3		3
Compensated Absences Payable	853		853
Intergovernmental Payable	(61)		(61)
Deferred Revenue	(465)		(465)
Accrued Wages and Benefits	6,447		6,447
Claims Payable		(138,193)	(138,193)
Total Adjustments	<u>43,868</u>	<u>(138,193)</u>	<u>(94,325)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(\$124,842)</u>	<u>(\$21,719)</u>	<u>(\$146,561)</u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

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**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

**1. DESCRIPTION OF THE SCHOOL DISTRICT**

The Crestview Local School District (the "District") is organized under Section 3311.03 of the Ohio Revised Code as a local district. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District is the 467th largest in terms of total enrollment among the 682 public and community school districts in the State of Ohio. The District is staffed by 40 non-certified employees and 89 certified full-time teaching personnel who provide services to 1,130 students and other community members.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The general purpose financial statements (GPFS) 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 proprietary activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. The Reporting Entity**

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "*The Financial Reporting Entity*", effective for financial statements for periods beginning after December 15, 1992. A 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. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for related activities for 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 for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following are described due to their relationship to the District.

**JOINTLY GOVERNED ORGANIZATIONS**

**Area Cooperative Computerized Educational Service System**

Area Cooperative Computerized Educational Service System (ACCESS), a not-for-profit computer service, is jointly governed by 24 districts within Mahoning and Columbiana counties. ACCESS is governed by an assembly 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 assembly. Members of ACCESS are assessed annual user fees and periodic capital improvement

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

fees based on their average daily membership. The members do have an ongoing financial interest in ACCESS, however, they do not have an equity interest. Financial information can be obtained from the treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507-1693.

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 1 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.

The District also participates in a public entity shared-risk pool, discussed in Note 13.

**B. Fund Accounting**

The District used funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

**1. Governmental Funds**

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

**General Fund**

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

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Fund**

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Projects Fund**

The 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 and Trust Funds).

**2. Proprietary Funds**

Proprietary Funds are used to account for the District's ongoing activities, which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's Proprietary Fund Types:

**Enterprise Funds**

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Internal Service Funds**

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis.

**3. Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an expendable trust fund and an agency fund. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results or operations, or have a measurement focus.

**Expendable Trust Funds**

The Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets when both the principal and interest may be spent.

**Agency Funds**

Agency Funds are custodial in nature and do not involve results of operations or have a measurement focus. This fund is used to account for assets that the government holds for others in an agency capacity.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Account Groups**

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

**General Fixed Assets Account Group**

This account group is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds.

**General Long-Term Obligations Account Group**

This account group is established to account for all long-term obligations of the District, except those accounted for in the Proprietary Funds.

**C. Measurement Focus/Basis of Accounting**

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2002, and which are intended to finance fiscal 2003 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as advances on future tax settlements are recognized as revenue, but not received by the District prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from income taxes is recognized in the fiscal year in which the underlying exchange accrued and the resources are available.



**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred, with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

On the accrual basis, revenue from non-exchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property or income taxes.

**D. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

**Tax Budget:**

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

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

**Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

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

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

**Encumbrances:**

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

**Lapsing of Appropriations:**

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Cash and Investments**

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

During fiscal year 2002, investments were limited to certificates of deposit and a repurchase agreement. Investments in nonparticipating investment contracts, such as certificates of deposits and repurchase agreements, are reported at cost.

Under existing Ohio statutes all investments earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During fiscal year 2002, interest revenue credited to the general fund amounted to \$92,851, which includes \$29,397 assigned from other District funds.

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

**F. Inventory**

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories or proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

**G. Prepaids**

Prepayments for governmental funds represent cash disbursements, which have occurred and are, therefore, not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**H. Fixed Assets and Depreciation**

**1. General Fixed Assets Account Group**

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of \$100 and a useful life of less than five years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life is not capitalized, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Proprietary Funds**

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

<u>Asset</u>	<u>Life (years)</u>
Furniture, Fixtures and Equipment	5-20

**I. Intergovernmental Revenues**

In governmental funds, Intergovernmental revenues, such as entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year), are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for proprietary fund operations (excluding commodities) are recognized as non-operating revenues in the accounting period in which they are measurable and earned. The District currently participates in various state and federal programs categorized as follows:

**Entitlements**

**General Fund**

State Foundation Program  
State Property Tax Relief

**Non-Reimbursable Grants**

**Special Revenue Funds**

Teacher Development  
Education Management Information Systems  
DPIA  
School Net Professional Development  
Ohio Reads  
Summer School  
Best Practice Award Grant  
Student Assistance Program  
School Conflict Management  
Safe School Help Line  
Eisenhower Grant  
Title I  
Title VI  
Drug-Free Grant  
Title VI-R  
Harvard Reimbursement  
Virtual Middle School  
Continuous Improvement

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Project Funds**

SchoolNet  
Technology Equity  
IVDL

**Debt Service Funds**

Bond Retirement

**Reimbursable Grants**

**General Fund**

Driver Education Reimbursement

**Special Revenue Funds**

Telecommunications (E-rate)

**Enterprise Funds**

National School Lunch Program  
National School Breakfast Program  
Government Donated Commodities

Grants and entitlements amounted to approximately 54% of the District's operating revenues during the 2002 fiscal year.

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service and all employees with at least 20 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable salary related payments.

Accumulated vacation and severance of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental Fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligation Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources; however, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than 60 days after year-end are generally considered not to have been made with current available financial resources. Bonds, capital leases and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

**L. Interfund Transactions**

During the course of normal operations, District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operation transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year. The District had short-term interfund loans receivable and payable at June 30, 2002.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund, which provides a service records revenue, and the fund, which receives that service, records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had long-term advances receivable and payable at June 30, 2002.

An analysis of the District's interfund transactions for fiscal year 2002 is presented in Note 5.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Fund Equity**

Contributed capital is recorded in proprietary funds, which received capital grants or contributions from other funds. Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials, and supplies inventory, prepayments, debt service, advances and tax revenue unavailable for appropriation and Bureau of Workers Compensation (BWC) refunds. The reserve for property taxes represents taxes recognized as revenue unavailable for appropriation under State statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

**N. Contributed Capital**

Contributed capital is recorded in proprietary funds, which received capital grants or contributions from other funds, other governments, or private sources that is not subject to repayment. These assets are recorded at fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. See Note 10 for changes in contributed capital during fiscal 2002.

**O. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. See Note 20 for details.

**P. Estimates**

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

**Q. Memorandum Only - Total Columns**

Total columns on the GPFS are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate additional financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

At June 30, 2002, the Summer School Subsidy, Title I, Title VI-R, and Adult Education had deficit fund balances of \$1,293, \$42,805, \$4,352, and \$96, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes classify monies held by the School District into three categories.

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

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

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

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations 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 securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;



**CRESTVIEW LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time.
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligation, 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 exception that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all monies deposited with the institution. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Cash on Hand:** At fiscal year-end, the District had \$400 in undeposited cash on hand, which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents", but it not included in the total amount of deposits reported below.

**Cash with Fiscal Agent:** At year-end, \$554,678 was on deposit with the District's fiscal agent for its self-insurance reserves and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet, as "Equity in Pooled Cash and Cash Equivalents".

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Deposits:** At year-end, the carrying amount of the District's deposits, including non-negotiable certificates of deposit, was \$2,325,689 and the bank balance, including non-negotiable certificates of deposit was \$2,417,977. Of the bank balance:

1. \$335,296 was covered by federal depository insurance and;
2. \$2,082,681 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements would potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposits in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

**Investments:** Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterpart's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterpart or by its trust department but not in the District's name. The District's investment in Star Ohio, which is the State Treasurer's Investment Pool and deferred compensation, is not categorized because it is not evidenced by securities that exist in physical or book entry form. The investment pool pro rates earnings based on invested balances.

Investments	Category 3	Cost Value	Fair Value
Repurchase Agreement	\$557,123	\$557,123	\$557,123
STAR Ohio		2,186	2,186
Total	\$557,123	\$559,309	\$559,309

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled, Reporting Cash Flows of Proprietary and Non-Expandable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the combined Balance Sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$2,767,693	\$117,705
Cash on Hand	(400)	
Certificate of Deposit	117,705	(117,705)
Investments:		
Repurchase Agreement	(557,123)	557,123
STAR Ohio	(2,186)	2,186
GASB Statement No. 3	\$2,325,689	\$559,309

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**5. INTERFUND ASSETS/LIABILITIES**

Interfund balances at June 30, 2002 consist of the following individual interfund loans receivable and payable:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$25,377	
Special Revenue		\$5,191
Proprietary		19,000
Agency		1,186
Total All Funds	\$25,377	\$25,377

The following is a reconciliation of the District's long-term advances to and from other funds at June 30, 2002:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$33,581	
Proprietary		\$33,581
Total All Funds	\$33,581	\$33,581

**6. SCHOOL DISTRICT INCOME TAX**

The voters of the District passed a 1% 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 2002 was \$872,657.

**7. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property railroads, which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue, which would otherwise have been collected.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25 % of true value.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**7. PROPERTY TAXES (Continued)**

The assessed values upon which fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other RE	\$57,426,250	77%	\$65,903,560	77%
Commercial & Industrial RE	5,965,950	8%	6,148,550	7%
Public Utility	4,503,910	6%	6,013,280	7%
Tangible Personal Property	6,947,310	9%	8,057,370	9%
Total Assessed Value	<u>\$74,783,420</u>	<u>100%</u>	<u>\$86,122,760</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$38.62		\$38.62	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

The Columbiana County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portions of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2002 totaled \$112,608 in general fund, \$30,458 in the debt service fund, and \$2,525 in the special revenue fund.

**8. RECEIVABLES**

Receivables at June 30, 2002 consisted of taxes, accrued interest, accounts (rent, billings for user charged services, and student fees), intergovernmental (to the extent the grants and entitlements relate to the current fiscal year), short-term interfund loans and long-term interfund loans. 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.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**8. RECEIVABLES (Continued)**

A summary of the principal items of receivables follows. For Intergovernmental Revenues only, the portion of receivables collected in the "available period" is recorded in the financial records.

	Amounts
<u>General Fund</u>	
Taxes	\$1,726,371
Intergovernmental	30
Accounts	432
Accrued Interest	20,673
Interfund	25,377
<u>Special Revenue Fund</u>	
Taxes	35,613
Intergovernmental	10,592
<u>Debt Service Fund</u>	
Taxes	420,497

**9. FIXED ASSETS**

A summary of the changes in the General Fixed Asset Account Group during the fiscal year follows:

	Balance at 6/30/01	Additions	Disposals	Balance at 6/30/02
Land/Improvements	\$255,819	\$16,402		\$272,221
Buildings	15,302,163	379,257	\$3,975	15,677,445
Furniture/Equipment	2,993,540	256,925	6,470	3,243,995
Vehicles	867,864	111,398	71,451	907,811
Construction in Progress	152,940	1,317	154,257	
Totals	\$19,572,326	\$765,299	\$236,153	\$20,101,472

A summary of the enterprise funds' fixed assets at June 30, 2002 follows:

	<u>Enterprise Funds</u>
Equipment	\$322,182
Less Accumulated Depreciation	(78,920)
Net Fixed Assets	\$243,262

**10. CONTRIBUTED CAPITAL**

	<u>Food Service</u>
Contributed capital, July 1, 2001	\$257,206
Current contributions from other funds	0
Contributed capital, June 30, 2002	\$257,206

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**11. LONG TERM OBLIGATIONS**

The general obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund. The source of payment is derived from current 5.92 mill bonded debt tax levy.

During the year ended June 30, 2002, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

Purpose	Interest Rates	Issue Date	Maturity Date	Original Amount	Bonds Outstanding 6/30/01	Retired In 2002	Bonds Outstanding 6/30/02
Facilities Improvement	5.74%	4/13/93	12/01/15	\$3,780,000	\$2,980,000	\$150,000	\$2,830,000
School Energy Conservation Note	8.75%	9/20/91	9/20/01	81,360	1,922	1,922	
School Energy Conservation Note	4.55%	2/22/99	2/22/06	146,996	103,144	20,318	82,826
Asbestos Abatement	None	2/02/90	5/30/04	68,815	13,815	5,000	8,815
Total				<u>\$4,077,171</u>	<u>\$3,098,881</u>	<u>\$177,240</u>	<u>\$2,921,641</u>

**School Energy Conservation Note**

In prior fiscal years, the District issued unvoted long-term "energy conservation" notes, under authority of H.B. 264. Energy conservation notes outstanding are general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these notes are accounted for in the general long-term obligations account group. Payments of principal and interest relating to these notes are recorded as expenditures in the debt service fund; however, unlike general obligation bonds, Ohio statute allows for the issuance of these notes without voter approval, and the subsequent repayment of the notes from operation revenues.

**Asbestos Abatement**

In fiscal 1991, the District received a loan from the U.S. Environmental Protection Agency for an asbestos abatement project. The loan is interest free as long as the District remains current on repayment. This loan is a general obligation of the District for which the full faith and credit of the District is pledged for repayment. The outstanding balance of the loan is reported in the general long-term obligations account group. Payments are recorded as expenditures of the debt service fund, from current operating revenue.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**11. LONG TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire general obligation bonds, energy conservation notes, and the asbestos loan outstanding at June 30, 2002 were as follows:

Year(s) Ending June 30	Principal on Bonds and Notes	Interest on Bonds and Notes	Total
2003	\$196,233	\$160,279	\$356,512
2004	206,042	148,964	355,006
2005	213,281	137,276	350,557
2006	216,085	125,152	341,237
2007	200,000	113,430	313,430
2008-2012	1,040,000	391,590	1,431,590
2013-2017	850,000	97,755	947,755
Total	<u>\$2,921,641</u>	<u>\$1,174,446</u>	<u>\$4,096,087</u>

The following is a summary of the District's total debt for the fiscal year ending June 30, 2002.

			Beginning Balance July 1, 2001	Additions	Deletions	Ending Balance June 30, 2002
General	Obligation	Bond	\$2,980,000		\$150,000	\$2,830,000
Payable						
Energy	Conservation	Notes	\$105,066		22,240	82,826
Payable						
Asbestos	Abatement	Loan	\$13,815		5,000	8,815
Payable						
Pension Obligation			\$44,699	\$422		45,121
Compensated Absences			\$369,708	135,298		505,006
Total			<u>\$3,513,288</u>	<u>\$135,720</u>	<u>\$177,240</u>	<u>\$3,471,768</u>

**Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2002 are a voted debt margin of \$4,921,048 and an unvoted debt margin of \$86,123.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**12. OTHER EMPLOYEE BENEFITS**

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 10 years of service, and 4 weeks of vacation per year after 18 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, and the elementary principal for 220 days, and the superintendent for 240 days. The treasurer is contracted for 240 days, and the special education supervisor for 160 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 250 days for certified employees and 220 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 46 days for classified employees.

**13. 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 the fiscal year 2002, the District has contracted with the following insurance companies to provide coverage in the following amounts:

Coverage	Limits of Coverage	Deductible
<u>Nationwide Insurance Company</u>		
General liability:		
Each occurrence	\$1,000,000	\$0
Aggregate	\$5,000,000	\$0
Umbrella liability:		
Each occurrence	\$1,000,000	\$10,000
Aggregate	\$1,000,000	\$10,000
<u>Nationwide Insurance Company</u>		
Fleet:		
Comprehensive	\$1,000,000	\$0
Collision	\$1,000,000	\$100
<u>Cincinnati Insurance Company</u>		
Building and contents	\$20,279,945	\$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 2002.



**CRESTVIEW LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**13. RISK MANAGEMENT (Continued)**

**B. Health and Dental Insurance**

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. The District has established a Self-Insurance Fund in the Internal Service Fund Type to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$60,000 per claim per employee. The District purchases commercial insurance for claims in excess of coverage provided by this Fund and for other risks of loss including annual aggregate stop loss coverage for annual claims paid. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years.

All funds of the District participate in the program and make payment to the Self-Insurance Fund based upon actuarial estimates of the amounts needed to pay prior and current-year claims. The claims liability of \$65,937 reported in the Fund at June 30, 2002 is based upon the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of financial statements and the amount of the loss can be reasonably estimated. Claims in the Fund's claims liability during Fiscal 2001 and 2002 were:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Payments	Ending Balance
2001	\$32,939	\$807,946	\$636,755	\$204,130
2002	\$204,130	\$560,291	\$698,484	\$65,937

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 15. As such, no funding provisions are required by the District.

**C. OSBA Group Rating Program**

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

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 Gates McDonald & Co. 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.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**14. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The District maintains two Enterprise funds to account for the operations of the Food Service and Adult Education Funds. Selected segment information for the year ended June 30, 2002 is as follows:

	Food Service	Adult Education	Total
Operating Revenue	\$199,335		\$199,335
Expenses Before Depreciation	352,027		352,027
Depreciation Expense	16,018		16,018
Operating Income (Loss)	(168,710)		(168,710)
Operating Grants	101,192		101,192
Donated Federal Commodities	19,685		19,685
Net Income (Loss)	(47,833)		(47,833)
Net Working Capital	(105,105)	(\$96)	(105,201)
Total Assets	255,436		255,436
Total Liabilities	117,279	96	117,375
Contributed Capital	257,206		257,206
Total Equity	138,157	(96)	138,061

**15. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.46 percent was the portion used to fund pension obligations for fiscal year 2002. For fiscal year 2001, 4.2 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the years ended June 30, 2002, 2001, and 2000 were \$131,970, \$116,946, and \$116,719 respectively; 50 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$66,270, is recorded as a liability within the respective funds and the general long-term obligations account group.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**15. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2002. For fiscal year 2001, 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$547,166, \$526,517, and \$480,872 respectively; 83 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. The unpaid contribution for fiscal year 2002, in the amount of \$92,664, is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**16. POSTEMPLOYMENT BENEFITS**

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of monthly premiums.

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2001, the board allocated employer contributions equal to 4.5 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.256 billion on June 30, 2001.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**16. POSTEMPLOYMENT BENEFITS (Continued)**

For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000. There were 102,132 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2001, the allocation rate is 9.80 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2001, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, the Retirement System's net assets available for payment of health care benefits were \$315.7 million.

The number of participants currently receiving health care benefits is approximately 50,000.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .70, then adding the surcharge due as of June 30, 2001, as certified to your district by SERS.

**17. BUDGETARY BASIS OF ACCOUNTING**

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget-Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**17. BUDGETARY BASIS OF ACCOUNTING (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for governmental funds are as follows:

**Excess (Deficiency) of Revenues and Other Financing  
Sources Over/(Under) Expenditures and Other Financing Uses**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Budget Basis	(\$436,807)	(\$11,905)	\$91,960	\$23,182
Net Adjustment for Revenue Accruals	75,574	2,315	16,766	
Net Adjustment for Expenditure Accruals	(155,113)	(27,836)		
Net Adjustment for Other Financing Sources/(Uses)	20,181	(4,191)		
Adjustment of Encumbrances	130,462	39,378		301,441
GAAP Basis	<u>(\$365,703)</u>	<u>(\$2,239)</u>	<u>\$108,726</u>	<u>\$342,623</u>

**18. CONTINGENT LIABILITIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants.

The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2002.

**B. Litigation**

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

**19. STATE SCHOOL FUNDING DECISION**

On September 6, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that is used as the basis for determining the base cost support amount.

Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**19. STATE SCHOOL FUNDING DECISION (Continued)**

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**20. 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 identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization, which were eliminated by S.B. 345, during fiscal year 2002.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-Aside Cash Balance as of June 30, 2001	(\$19,518)		\$34,588
Current Year Set-Aside Requirement	90,757	\$90,757	
Current Year Offsets			
Qualifying Disbursement	<u>(224,119)</u>	<u>(132,179)</u>	<u>(34,588)</u>
Total	<u>(\$152,880)</u>	<u>(41,422)</u>	<u>0</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount is therefore not presented as being carried forward to the next fiscal year.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$19,220		\$19,685
National School Breakfast Program		10.553	17,494		17,494	
National School Lunch Program		10.555	<u>77,322</u>		<u>77,322</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>\$94,816</u>	<u>\$19,220</u>	<u>\$94,816</u>	<u>\$19,685</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-2001-C	84.010	16,013		16,013	
	C1-S1-2001		12,074		54,537	
	C1-S1-2002		<u>304,133</u>		<u>273,939</u>	
Total Grants to Local Educational Agencies (Title 1)			<b>332,220</b>		<b>344,489</b>	
Drug Free Schools	DR-S1-2001	84.186	0		622	
	DR-S1-2002		<u>4,405</u>		<u>4,228</u>	
Total Drug Free Schools			<b>4,405</b>		<b>4,850</b>	
Goals 2000 - State and Local	G2-S4-2001	84.276	0		276	
	G2-SP-2002		<u>1,000</u>		<u>1,000</u>	
Total Goals 2000			<b>1,000</b>		<b>1,276</b>	
Eisenhower Professional Development State Grants Title II, Part B	MS-S1-2002	84.281	<b>7,226</b>		<b>1,589</b>	
Innovative Educational Program	C2-S1-2001	84.298	1,226		1,903	
	C2-S1-2002		<u>5,263</u>		<u>4,675</u>	
Total Innovative Educational Program			<b>6,489</b>		<b>6,578</b>	
Technology Literacy Challenge Fund Grant	TF-V2-2000	84.318	<b>65,000</b>		<b>65,000</b>	
Class Size Reduction Subsidy	CR-S1-2002	84.340	<u>45,676</u>		<u>42,242</u>	
Total Department of Education			<u>462,016</u>	<u>0</u>	<u>466,024</u>	<u>0</u>
<b>Totals</b>			<u><b>\$556,832</b></u>	<u><b>\$19,220</b></u>	<u><b>\$560,840</b></u>	<u><b>\$19,685</b></u>

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**FISCAL YEAR ENDED JUNE 30, 2002**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B—FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Crestview Local School District  
Columbiana County  
44100 Crestview Road #A  
Columbiana, Ohio 44408-9606

To the Board of Education:

We have audited the financial statements of the Crestview Local School District as of and for the year ended June 30, 2002, and have issued our report thereon dated December 5, 2002. 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 *Government Auditing Standards* issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 5, 2002.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies' and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

December 5, 2002

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STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Crestview Local School District  
Columbiana County  
44100 Crestview Road #A  
Columbiana, Ohio 44408-9606

To the Board of Education:

**Compliance**

We have audited the compliance of the Crestview Local 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 are applicable to its major federal programs for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 2002-11215-001.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

December 5, 2002

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505**

**CRESTVIEW LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
JUNE 30, 2002**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	Yes
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA #10.550, 10.553, 10.555 & 10.556 Nutrition Cluster CFDA #84.318 Technology Literacy Challenge
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

**1. Final Expenditure Report**

Finding Number	2002-11215-001
CFDA Title and Number	Technology Literacy Challenge Fund Grant #84.318
Federal Award Number / Year	TF-V2-2000
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

The Ohio Department of Education's Technology Literacy Challenge Fund Grant agreement requires the final expenditure report to be submitted for each project immediately after all financial obligations have been liquidated. Actual expenditures authorized by the approved project application and charges to the project special cost center are to be reported. The report is due within 60 days of the end of the draw project period.

Failure to submit the report in a timely manner may result in a temporary suspension of the flow of federal funds for this grant until the project is closed.

The project period for this grant ended on October 12, 2001 and the final expenditure reports were due by October 22, 2001. The Technology Literacy Challenge Fund Grant FY 02 final expenditure reports were submitted on April 24, 2002.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**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 30, 2003**