

**CRESTVIEW LOCAL  
SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

***GENERAL PURPOSE FINANCIAL STATEMENTS  
(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003***

**CHRISTINA BENNETT, TREASURER**





**Auditor of State  
Betty Montgomery**

Board of Education  
Crestview Local School District

We have reviewed the Independent Auditor's Report of the Crestview Local School District, Richland County, prepared by Trimble, Julian & Grube, Inc. for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Crestview Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

December 22, 2003

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**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

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# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## Independent Auditor's Report

Board of Education  
Crestview Local School District  
1575 St. Rt. 96  
Ashland, Ohio 44805

We have audited the accompanying general purpose financial statements of the Crestview Local School District, Richland County, (the "District"), as of and for the fiscal year ended June 30, 2003, 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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, Richland County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the fiscal 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 October 17, 2003, 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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of 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. Such information has been subjected 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.

Trimble, Julian & Grube, Inc.  
October 17, 2003

**CRESTVIEW LOCAL SCHOOL DISTRICT**  
**RICHLAND COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 2,811,719	\$ 147,078	\$ 435,175	\$ 223,228
Investments . . . . .	-	-	-	3,120,422
Receivables (net of allowances of uncollectibles):				
Property taxes - current & delinquent . . . . .	2,080,054	43,516	534,348	-
Accounts . . . . .	5,656	-	-	-
Accrued interest . . . . .	7,986	-	-	13,554
Interfund loan receivable . . . . .	43,000	-	-	-
Due from other governments . . . . .	-	126,764	-	-
Materials and supplies inventory . . . . .	13,718	-	-	-
Prepayments . . . . .	12,316	-	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	60,874	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable). . . . .	-	-	-	-
<b>OTHER DEBITS:</b>				
Amount available in debt service fund . . . . .	-	-	-	-
Amount to be provided for retirement of general long-term obligations . . . . .	-	-	-	-
<b>Total assets and other debits . . . . .</b>	<b><u>\$ 5,035,323</u></b>	<b><u>\$ 317,358</u></b>	<b><u>\$ 969,523</u></b>	<b><u>\$ 3,357,204</u></b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>LIABILITIES:</b>				
Accounts payable . . . . .	\$ 39,760	\$ 28,444	\$ -	\$ 18,446
Accrued wages and benefits. . . . .	644,420	57,110	-	-
Compensated absences payable. . . . .	27,401	-	-	-
Claims payable . . . . .	-	-	-	-
Pension obligation payable . . . . .	105,482	6,530	-	-
Interfund loan payable . . . . .	-	43,000	-	-
Deferred revenue . . . . .	1,869,849	57,073	481,065	10,512
Due to other governments. . . . .	46,179	8,097	-	-
Due to students . . . . .	-	-	-	-
Capital lease obligation payable. . . . .	-	-	-	-
General obligation bonds payable. . . . .	-	-	-	-
Energy conservation loan payable. . . . .	-	-	-	-
<b>Total liabilities . . . . .</b>	<b><u>2,733,091</u></b>	<b><u>200,254</u></b>	<b><u>481,065</u></b>	<b><u>28,958</u></b>
<b>EQUITY AND OTHER CREDITS:</b>				
Investment in general fixed assets . . . . .	-	-	-	-
Contributed capital . . . . .	-	-	-	-
Retained earnings (accumulated deficit): unreserved. . . . .	-	-	-	-
Fund balances:				
Reserved for encumbrances . . . . .	41,934	12,934	-	188,053
Reserved for materials and supplies inventory. . . . .	13,718	-	-	-
Reserved for prepayments . . . . .	12,316	-	-	-
Reserved for debt service . . . . .	-	-	438,942	-
Reserved for tax revenue unavailable for appropriation. . . . .	191,614	4,032	49,516	-
Reserved for school bus purchases . . . . .	28,076	-	-	-
Reserved for BWC refunds . . . . .	32,798	-	-	-
Unreserved:				
Designated for budget stabilization . . . . .	121,033	-	-	-
Undesignated. . . . .	1,860,743	100,138	-	3,140,193
<b>Total equity and other credits . . . . .</b>	<b><u>2,302,232</u></b>	<b><u>117,104</u></b>	<b><u>488,458</u></b>	<b><u>3,328,246</u></b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b><u>\$ 5,035,323</u></b>	<b><u>\$ 317,358</u></b>	<b><u>\$ 969,523</u></b>	<b><u>\$ 3,357,204</u></b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$ 33,057	\$ 211,753	\$ 26,867	\$ -	\$ -	\$ 3,888,877
-	-	-	-	-	3,120,422
-	-	-	-	-	2,657,918
-	-	-	-	-	5,656
-	-	-	-	-	21,540
-	-	-	-	-	43,000
-	-	-	-	-	126,764
5,684	-	-	-	-	19,402
-	-	-	-	-	12,316
-	-	-	-	-	60,874
64,285	-	-	15,662,883	-	15,727,168
-	-	-	-	488,458	488,458
-	-	-	-	5,278,569	5,278,569
<u>\$ 103,026</u>	<u>\$ 211,753</u>	<u>\$ 26,867</u>	<u>\$ 15,662,883</u>	<u>\$ 5,767,027</u>	<u>\$ 31,450,964</u>
\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 87,150
24,609	-	-	-	-	726,139
9,541	-	-	-	330,410	367,352
-	113,540	-	-	-	113,540
16,357	-	-	-	65,781	194,150
-	-	-	-	-	43,000
-	-	-	-	-	2,418,499
697	-	-	-	-	54,973
-	-	26,867	-	-	26,867
-	-	-	-	32,859	32,859
-	-	-	-	5,209,841	5,209,841
-	-	-	-	128,136	128,136
<u>51,704</u>	<u>113,540</u>	<u>26,867</u>	<u>-</u>	<u>5,767,027</u>	<u>9,402,506</u>
-	-	-	15,662,883	-	15,662,883
68,878	-	-	-	-	68,878
(17,556)	98,213	-	-	-	80,657
-	-	-	-	-	242,921
-	-	-	-	-	13,718
-	-	-	-	-	12,316
-	-	-	-	-	438,942
-	-	-	-	-	245,162
-	-	-	-	-	28,076
-	-	-	-	-	32,798
-	-	-	-	-	121,033
-	-	-	-	-	5,101,074
<u>51,322</u>	<u>98,213</u>	<u>-</u>	<u>15,662,883</u>	<u>-</u>	<u>22,048,458</u>
<u>\$ 103,026</u>	<u>\$ 211,753</u>	<u>\$ 26,867</u>	<u>\$ 15,662,883</u>	<u>\$ 5,767,027</u>	<u>\$ 31,450,964</u>

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**CRESTVIEW LOCAL SCHOOL DISTRICT**  
**RICHLAND COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 1,821,541	\$ 37,495	\$ 471,022	\$ -	\$ 2,330,058
Tuition . . . . .	26,223	-	-	-	26,223
Earnings on investments . . . . .	42,373	-	-	91,429	133,802
Extracurricular . . . . .	656	101,277	-	-	101,933
Other local revenues . . . . .	76,806	36,354	5,216	-	118,376
Intergovernmental - State . . . . .	5,516,517	64,071	56,405	196,383	5,833,376
Intergovernmental - Federal . . . . .	-	507,329	-	-	507,329
<b>Total revenue . . . . .</b>	<b>7,484,116</b>	<b>746,526</b>	<b>532,643</b>	<b>287,812</b>	<b>9,051,097</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	3,576,084	146,572	-	27,855	3,750,511
Special . . . . .	628,328	417,834	-	-	1,046,162
Vocational . . . . .	177,944	10,193	-	1,217	189,354
Support services:					
Pupil . . . . .	297,213	31,764	-	-	328,977
Instructional staff . . . . .	266,362	35,374	-	-	301,736
Board of Education . . . . .	70,080	-	-	-	70,080
Administration . . . . .	576,735	-	-	-	576,735
Fiscal . . . . .	171,613	-	8,788	-	180,401
Business . . . . .	-	1,542	-	-	1,542
Operations and maintenance . . . . .	733,897	31,179	-	-	765,076
Pupil transportation . . . . .	698,453	-	-	-	698,453
Central . . . . .	26,129	15,500	-	-	41,629
Community services . . . . .	28,189	-	-	-	28,189
Extracurricular activities . . . . .	253,214	-	-	-	253,214
Facilities acquisition and construction . . . . .	137,438	105,914	-	18,279	261,631
Capital outlay . . . . .	36,397	-	-	-	36,397
Debt service:					
Principal retirement . . . . .	3,538	-	245,047	-	248,585
Interest and fiscal charges . . . . .	1,628	-	239,389	-	241,017
<b>Total expenditures . . . . .</b>	<b>7,683,242</b>	<b>795,872</b>	<b>493,224</b>	<b>47,351</b>	<b>9,019,689</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(199,126)	(49,346)	39,419	240,461	31,408
Other financing sources (uses):					
Operating transfers in . . . . .	-	2,800	31,678	-	34,478
Operating transfers out . . . . .	(34,478)	-	-	-	(34,478)
Proceeds of capital lease transactions . . . . .	36,397	-	-	-	36,397
Proceeds from sale of fixed assets . . . . .	5,130	-	-	-	5,130
<b>Total other financing sources (uses) . . . . .</b>	<b>7,049</b>	<b>2,800</b>	<b>31,678</b>	<b>-</b>	<b>41,527</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	(192,077)	(46,546)	71,097	240,461	72,935
Fund balances, July 1 . . . . .	2,490,646	163,887	417,361	3,087,785	6,159,679
Increase (decrease) in reserve for inventory . . . . .	3,663	(237)	-	-	3,426
<b>Fund balances, June 30 . . . . .</b>	<b>\$ 2,302,232</b>	<b>\$ 117,104</b>	<b>\$ 488,458</b>	<b>\$ 3,328,246</b>	<b>\$ 6,236,040</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CRESTVIEW LOCAL SCHOOL DISTRICT**  
**RICHLAND COUNTY, OHIO**  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$ 1,855,000	\$ 1,848,870	\$ (6,130)	\$ 41,858	\$ 37,684	\$ (4,174)
Tuition . . . . .	20,000	22,785	2,785	-	-	-
Earnings on investments . . . . .	111,200	42,373	(68,827)	-	-	-
Extracurricular . . . . .	700	656	(44)	113,282	101,984	(11,298)
Other local revenues . . . . .	73,494	77,203	3,709	40,380	36,353	(4,027)
Intergovernmental - State . . . . .	5,509,000	5,516,518	7,518	76,833	69,171	(7,662)
Intergovernmental - Federal . . . . .	-	-	-	505,413	454,391	(51,022)
Total revenues . . . . .	<u>7,569,394</u>	<u>7,508,405</u>	<u>(60,989)</u>	<u>777,766</u>	<u>699,583</u>	<u>(78,183)</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	3,664,867	3,596,395	68,472	189,751	156,465	33,286
Special . . . . .	738,376	630,707	107,669	467,898	394,587	73,311
Vocational . . . . .	189,717	186,138	3,579	12,294	11,728	566
Support services:						
Pupil . . . . .	317,173	298,741	18,432	41,134	41,134	-
Instructional staff . . . . .	286,480	277,327	9,153	38,215	37,938	277
Board of Education . . . . .	89,565	79,826	9,739	-	-	-
Administration . . . . .	574,889	556,244	18,645	-	-	-
Fiscal . . . . .	192,002	173,359	18,643	-	-	-
Business . . . . .	-	-	-	2,636	1,542	1,094
Operations and maintenance . . . . .	777,152	739,007	38,145	42,000	31,321	10,679
Pupil transportation . . . . .	719,914	708,222	11,692	-	-	-
Central . . . . .	36,300	26,409	9,891	20,000	15,500	4,500
Community services . . . . .	29,820	29,536	284	-	-	-
Extracurricular activities . . . . .	308,065	254,356	53,709	132,646	108,874	23,772
Facilities acquisition and construction . . . . .	154,806	137,550	17,256	-	-	-
Debt service:						
Principal retirement . . . . .	25,047	25,047	-	-	-	-
Interest and fiscal charges . . . . .	6,631	6,631	-	-	-	-
Total expenditures . . . . .	<u>8,110,804</u>	<u>7,725,495</u>	<u>385,309</u>	<u>946,574</u>	<u>799,089</u>	<u>147,485</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(541,410)</u>	<u>(217,090)</u>	<u>324,320</u>	<u>(168,808)</u>	<u>(99,506)</u>	<u>69,302</u>
Other financing sources (uses):						
Advances in . . . . .	6,200	6,200	-	47,763	43,000	(4,763)
Advances out . . . . .	(43,000)	(43,000)	-	(6,200)	(6,200)	-
Operating transfers in . . . . .	-	238,308	238,308	4,429	2,800	(1,629)
Operating transfers out . . . . .	(241,108)	(241,108)	-	(7,380)	-	7,380
Proceeds from sale of fixed assets . . . . .	1,000	5,130	4,130	-	-	-
Refund of prior year receipts . . . . .	(30)	(30)	-	(181)	(181)	-
Refund of prior year expenditures . . . . .	2,000	10,142	8,142	-	-	-
Total other financing sources (uses) . . . . .	<u>(274,938)</u>	<u>(24,358)</u>	<u>250,580</u>	<u>38,431</u>	<u>39,419</u>	<u>988</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	<u>(816,348)</u>	<u>(241,448)</u>	<u>574,900</u>	<u>(130,377)</u>	<u>(60,087)</u>	<u>70,290</u>
Fund balances, July 1 . . . . .	2,794,835	2,794,835	-	128,217	128,217	-
Prior year encumbrances appropriated . . . . .	223,942	223,942	-	41,255	41,255	-
Fund balances, June 30 . . . . .	<u>\$ 2,202,429</u>	<u>\$ 2,777,329</u>	<u>\$ 574,900</u>	<u>\$ 39,095</u>	<u>\$ 109,385</u>	<u>\$ 70,290</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Debt Service			Capital Projects			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$ 428,827	\$ 470,430	\$ 41,603	\$ -	\$ -	\$ -	\$ 2,325,685	\$ 2,356,984	\$ 31,299
-	-	-	-	-	-	20,000	22,785	2,785
-	-	-	11,325	80,156	68,831	122,525	122,529	4
-	-	-	-	-	-	113,982	102,640	(11,342)
4,754	5,216	462	-	-	-	118,628	118,772	144
51,419	56,407	4,988	27,746	196,383	168,637	5,664,998	5,838,479	173,481
-	-	-	-	-	-	505,413	454,391	(51,022)
<u>485,000</u>	<u>532,053</u>	<u>47,053</u>	<u>39,071</u>	<u>276,539</u>	<u>237,468</u>	<u>8,871,231</u>	<u>9,016,580</u>	<u>145,349</u>
-	-	-	57,690	27,855	29,835	3,912,308	3,780,715	131,593
-	-	-	-	-	-	1,206,274	1,025,294	180,980
-	-	-	1,270	1,270	-	203,281	199,136	4,145
-	-	-	-	-	-	358,307	339,875	18,432
-	-	-	-	-	-	324,695	315,265	9,430
-	-	-	-	-	-	89,565	79,826	9,739
-	-	-	-	-	-	574,889	556,244	18,645
9,200	8,958	242	-	-	-	201,202	182,317	18,885
-	-	-	-	-	-	2,636	1,542	1,094
-	-	-	-	-	-	819,152	770,328	48,824
-	-	-	-	-	-	719,914	708,222	11,692
-	-	-	-	-	-	56,300	41,909	14,391
-	-	-	-	-	-	29,820	29,536	284
-	-	-	-	-	-	440,711	363,230	77,481
-	-	-	402,500	206,279	196,221	557,306	343,829	213,477
220,000	220,000	-	-	-	-	245,047	245,047	-
<u>232,758</u>	<u>232,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,389</u>	<u>239,389</u>	<u>-</u>
<u>461,958</u>	<u>461,716</u>	<u>242</u>	<u>461,460</u>	<u>235,404</u>	<u>226,056</u>	<u>9,980,796</u>	<u>9,221,704</u>	<u>759,092</u>
<u>23,042</u>	<u>70,337</u>	<u>47,295</u>	<u>(422,389)</u>	<u>41,135</u>	<u>463,524</u>	<u>(1,109,565)</u>	<u>(205,124)</u>	<u>904,441</u>
-	-	-	-	-	-	53,963	49,200	(4,763)
-	-	-	-	-	-	(49,200)	(49,200)	-
-	-	-	296,091	2,095,679	1,799,588	300,520	2,336,787	2,036,267
-	-	-	(2,095,679)	(2,095,679)	-	(2,344,167)	(2,336,787)	7,380
-	-	-	-	-	-	1,000	5,130	4,130
-	-	-	-	-	-	(211)	(211)	-
-	-	-	-	-	-	2,000	10,142	8,142
-	-	-	<u>(1,799,588)</u>	<u>-</u>	<u>1,799,588</u>	<u>(2,036,095)</u>	<u>15,061</u>	<u>2,051,156</u>
23,042	70,337	47,295	(2,221,977)	41,135	2,263,112	(3,145,660)	(190,063)	2,955,597
364,838	364,838	-	2,884,453	2,884,453	-	6,172,343	6,172,343	-
-	-	-	188,000	188,000	-	453,197	453,197	-
<u>\$ 387,880</u>	<u>\$ 435,175</u>	<u>\$ 47,295</u>	<u>\$ 850,476</u>	<u>\$ 3,113,588</u>	<u>\$ 2,263,112</u>	<u>\$ 3,479,880</u>	<u>\$ 6,435,477</u>	<u>\$ 2,955,597</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT**  
**RICHLAND COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)  
 ALL PROPRIETARY FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Operating revenues:			
Sales/charges for services . . . . .	\$ 281,417	\$ 931,000	\$ 1,212,417
 Total operating revenues . . . . .	<u>281,417</u>	<u>931,000</u>	<u>1,212,417</u>
Operating expenses:			
Personal services . . . . .	194,304	-	194,304
Contract services . . . . .	669	-	669
Materials and supplies . . . . .	204,720	-	204,720
Depreciation . . . . .	4,827	-	4,827
Claims expense . . . . .	-	1,183,156	1,183,156
Other . . . . .	542	-	542
 Total operating expenses . . . . .	<u>405,062</u>	<u>1,183,156</u>	<u>1,588,218</u>
 Operating loss . . . . .	<u>(123,645)</u>	<u>(252,156)</u>	<u>(375,801)</u>
Nonoperating revenues (expenses):			
Intergovernmental . . . . .	98,322	-	98,322
Federal commodities . . . . .	22,669	-	22,669
Loss on disposal of assets . . . . .	(777)	-	(777)
Interest revenue . . . . .	108	5,627	5,735
 Total nonoperating revenues (expenses) . . . . .	<u>120,322</u>	<u>5,627</u>	<u>125,949</u>
 Net loss . . . . .	<u>(3,323)</u>	<u>(246,529)</u>	<u>(249,852)</u>
Retained earnings (accumulated deficit), July 1 . . . . .	<u>(14,233)</u>	<u>344,742</u>	<u>330,509</u>
Retained earnings (accumulated deficit), June 30 . . . . .	<u>\$ (17,556)</u>	<u>\$ 98,213</u>	<u>\$ 80,657</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CRESTVIEW LOCAL SCHOOL DISTRICT**  
**RICHLAND COUNTY, OHIO**  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
<b>Cash flows from operating activities:</b>			
Cash received from sales/service charges . . . . .	\$ 281,457	\$ 931,000	\$ 1,212,457
Cash payments for personal services . . . . .	(189,456)	-	(189,456)
Cash payments for contract services . . . . .	(669)	-	(669)
Cash payments for materials and supplies. . . . .	(185,070)	-	(185,070)
Cash payments for claims expenses. . . . .	-	(1,202,287)	(1,202,287)
Cash payments for other expenses . . . . .	(542)	-	(542)
Net cash used in operating activities. . . . .	<u>(94,280)</u>	<u>(271,287)</u>	<u>(365,567)</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from non operating grants . . . . .	<u>98,322</u>	-	<u>98,322</u>
Net cash provided by noncapital financing activities . . . . .	<u>98,322</u>	-	<u>98,322</u>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from sale of capital assets . . . . .	<u>634</u>	-	<u>634</u>
Net cash provided by capital and related financing activities. . . . .	<u>634</u>	-	<u>634</u>
<b>Cash flows from investing activities:</b>			
Interest received . . . . .	<u>108</u>	<u>5,627</u>	<u>5,735</u>
Net cash provided by investing activities . . . . .	<u>108</u>	<u>5,627</u>	<u>5,735</u>
Net increase (decrease) in cash and cash equivalents. . . . .	4,784	(265,660)	(260,876)
Cash and cash equivalents at beginning of year . . . . .	<u>28,273</u>	<u>477,413</u>	<u>505,686</u>
Cash and cash equivalents at end of year. . . . .	<u>\$ 33,057</u>	<u>\$ 211,753</u>	<u>\$ 244,810</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>			
Operating loss. . . . .	\$ (123,645)	\$ (252,156)	\$ (375,801)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation. . . . .	4,827	-	4,827
Federal donated commodities . . . . .	22,669	-	22,669
Changes in assets and liabilities:			
Increase in materials and supplies inventory. . . . .	(253)	-	(253)
Decrease in accounts receivable . . . . .	40	-	40
Increase in accounts payable. . . . .	466	-	466
Increase in accrued wages and benefits . . . . .	2,167	-	2,167
Increase in compensated absences payable . . . . .	1,409	-	1,409
Increase in pension obligation payable . . . . .	1,281	-	1,281
Decrease in due to other governments. . . . .	(9)	-	(9)
Decrease in claims payable . . . . .	-	(19,131)	(19,131)
Decrease in deferred revenue . . . . .	(3,232)	-	(3,232)
Net cash used in operating activities . . . . .	<u>\$ (94,280)</u>	<u>\$ (271,287)</u>	<u>\$ (365,567)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

The Crestview Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education and is responsible for providing public education to residents of the District.

The District ranks as the 432<sup>nd</sup> largest by total enrollment among the 740 public and community school districts in the state. Average daily membership as of June 30, 2003 was 1,187. The District employed 91 certified employees and 60 non-certified employees.

Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

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

The general purpose financial statements (GPFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements 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 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 organizations are described due to their relationship to the District.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

*JOINTLY GOVERNED ORGANIZATIONS*

Heartland Council of Governments (the "COG")

The COG is a jointly governed organization among 15 school districts and 1 county educational service center. The COG was formed for the purpose of applying modern technology with computers and other electronic technology to aid administrative and instructional functions. Each member district supports the COG based on a per pupil charge, dependent upon the software package utilized. The COG is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in the COG. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

Pioneer Career and Technology Center (the "PCTC")

The PCTC is a district political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Treasurer of the Pioneer Career and Technology Center at 27 Ryan Road, Shelby, OH 44875-0309.

*INSURANCE PURCHASING POOL*

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP was established under Section 4123.29 of the Ohio Revised Code. 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.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**B. Fund Accounting**

The District uses 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.

*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 legally required to be accounted for in another fund.

*Special Revenue Funds* - The 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.

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

*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 Fund* - The enterprise fund is 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 Fund* - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

*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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual.

*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 general nature, the following account groups are used.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

General Fixed Assets Account Group - This group of accounts 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 group of accounts is established to account for all long-term obligations of the District, other than 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 governmental funds 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 operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental 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 the June 30 fiscal year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Property taxes measurable as of June 30, 2003, and delinquent property taxes, whose availability is indeterminate and are intended to finance fiscal 2004 operations, have been recorded as deferred revenues, except for that portion, which is available from the County Auditors as advances at June 30. This amount is recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property 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 grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

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 by the District before it has a legal claim to them, as when grant monies are received prior to the recognition 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 exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

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 in the operating statement as an expense and a like amount is reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds do not receive revenue from property taxes.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**D. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds (except agency). The specific timetable for fiscal year 2003 is as follows:

1. Prior to January 15 of the preceding year, 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2003.



**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted; however, none of these amendments were significant.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

Encumbrance accounting is utilized with District funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 17 provides a reconciliation of the budgetary and GAAP basis of accounting for governmental fund types and Note 14 provides disclosure of the encumbrances outstanding for the enterprise funds at fiscal year-end.

**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" and "Investments" on the combined balance sheet.

During fiscal year 2003, investments were limited to federal agency securities, certificates of deposit, investments in the State Treasury Asset Reserve (STAR Ohio), and a U.S. Government money market mutual fund. Investments are reported at fair value, which is based on quoted market prices, with the following exception: nonparticipating investment contracts such as certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2003.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund, the Building capital projects fund and the Self-Insurance internal service fund. The Food Service enterprise fund receives interest earnings based upon federal mandate. Interest revenue credited to the general fund during fiscal 2003 amounted to \$42,373, which includes \$6,518 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**F. Fixed Assets and Depreciation**

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. 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 less than \$500. 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  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 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. 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

**G. Contributions of Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. In accordance with GASB Statement No. 33, capital contributions are recorded as revenue and a component of retained earnings at year-end. There were no capital contributions received by the enterprise fund in 2003. Contributed capital in the enterprise fund at June 30, 2003, is \$68,878.

**H. 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.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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 in the future. For purposes of establishing a liability for severance on 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, regardless of their 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 additional 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 obligations 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.

**I. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**J. Fund Reserves/Designations**

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Designated fund balance indicates that portion of fund equity for which management has an intended use of the resources. Fund balances are reserved for encumbrances, prepayments, materials and supplies inventory, debt service, tax revenue unavailable for appropriation, school bus purchases, and Bureau of Workers Compensation (BWC) refunds. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for property tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under state statute. The District reports amounts set-aside by the School Board for budget stabilization as a designation of fund balance in the general fund.

**K. Interfund Transactions**

Transactions between funds during the course of normal operations may occur. 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 show transfers of resources as operating 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. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable and payable". The District had short-term interfund loans receivable and payable at June 30, 2003.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

4. 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 no long-term advances receivable or payable at June 30, 2003.

An analysis of interfund transactions is presented in Note 5.

**L. 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 may differ from those estimates.

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

**N. Prepayments**

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 benefitting from the advance payment. At fiscal year-end, because prepayment is not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**O. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by state statute. Restricted assets also include monies received from the state that are restricted for school bus purchases. Fund balance reserves have also been established (see Note 19).

**P. Memorandum Only - Total Columns**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Deficit Fund Balances/Retained Earnings**

Fund balances/retained earnings at June 30, 2003 included the following fund deficits:

	<u>Deficit Balances</u>
<u>Special Revenue Fund</u>	
Ohio Reads	\$ 3,817
Title VI	6,788
<u>Enterprise Fund</u>	
Food Service	17,556

These funds complied with Ohio state law, which does not allow a cash deficit at year-end.

The deficit fund balances in the Ohio Reads and Title VI special revenue funds are a result of accruing wage obligations in accordance with GAAP. These deficits will be eliminated by intergovernmental revenues and other subsidies not recognized at June 30.



**CRESTVIEW LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

The deficit retained earnings in the Food Service enterprise fund is a result of accruing wages, benefit and pension obligations in accordance with GAAP. This deficit will be eliminated by user charges and intergovernmental revenues not recognized at June 30.

**NOTE 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" and "Investments". Statutes require the classification of monies held by the District into three categories:

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

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

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

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

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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 securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
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 Treasury Asset Reserve of Ohio (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; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee 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 \$250 in undeposited cash on hand, which is included on the combined balance sheet of the District as part of "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".

*Deposits:* At year-end, the carrying amount of the District's deposits, including nonnegotiable certificates of deposit, was \$1,310,632, and the bank balance, including nonnegotiable certificates of deposit, was \$1,511,793. Of the bank balance:

1. \$300,000 was covered by federal depository insurance; and
2. \$1,211,793 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 for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

Collateral is required for demand deposits and certificates of deposit 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 counterparty'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 counterparty or by its trust department, but not in the District's name. Investments in STAR Ohio and the U.S. Government money market mutual fund are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 2</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Federal agency securities	<u>\$3,120,422</u>	\$3,120,422	\$3,120,422
Total	<u><u>\$3,120,422</u></u>		
Investment in STAR Ohio		2,636,800	2,636,800
U.S. Government money market mutual fund		<u>2,069</u>	<u>2,069</u>
Total investments		<u><u>\$5,759,291</u></u>	<u><u>\$5,759,291</u></u>

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 3,949,751	\$3,120,422
Investment of the cash management pool:		
Investment in STAR Ohio	(2,636,800)	2,636,800
U.S. Government money market mutual fund	(2,069)	2,069
Cash on hand	(250)	-
 GASB Statement No. 3	 <u>\$ 1,310,632</u>	 <u>\$5,759,291</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. The following is a summarized breakdown of the District's operating transfers for fiscal year 2003:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$34,478
<u>Special Revenue Fund</u>		
District Managed Student Activity	2,800	-
Debt Service Fund	31,678	-
Total	<u>\$34,478</u>	<u>\$34,478</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

**B.** The following is a summarized breakdown of the District's interfund loans receivable and payable at June 30, 2003:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$43,000	\$ -
<u>Special Revenue Funds</u>		
Title VI-B	-	10,000
Title I	-	20,000
Class Size Reduction	<u>-</u>	<u>13,000</u>
Total	<u>\$43,000</u>	<u>\$43,000</u>

**NOTE 6 - 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 November 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 of rural electric companies which are assessed 50% of market and railroads which are assessed at 29% of market.

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 assessed value, upon which the 2002 taxes were collected, was 91,999,325. Agricultural/residential real estate represented \$76,346,230 or 82.99% of this total, commercial & industrial real estate represented \$3,560,000 or 3.86% of this total, public utility tangible represented \$9,270,730 or 10.08% of this total and general tangible property represented \$2,822,365 or 3.07% of this total. The voted general tax rate at the fiscal year ended June 30, 2003, was \$42.40 per \$1,000.00 of assessed valuation for operations and \$6.50 per \$1,000.00 of assessed valuation for debt retirement.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

The Richland and Ashland County Treasurers collect real estate property taxes on behalf of all taxing districts within the County. The Richland and Ashland County Auditors periodically remit to the District the portion of the taxes collected with final settlement in March and September. Such collections are available to pay current period liabilities.

The Richland and Ashland County Treasurers collect personal property taxes on behalf of all taxing districts within the County. The Richland and Ashland County Auditors periodically remit to the District the portion of the taxes collected with final settlement in February and August. Such collections are available to pay current period liabilities.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2003. 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. The amount available as an advance and recorded as revenue at June 30, 2003, was \$191,614 in the general fund, \$4,032 in the Classroom Facilities Maintenance special revenue fund, and \$49,516 in the debt service fund.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2003, are reflected as a reservation of fund balance for tax advance unavailable for appropriation. 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.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2003 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, and intergovernmental grants (to the extent such grants relate to the current fiscal year). Intergovernmental grants receivable have been presented as "Due From Other Governments" on the combined balance sheet. Receivables have been recorded to the extent eligibility requirements have been met by year-end and the amounts are measurable. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Property taxes - current and delinquent	\$2,080,054
Accounts	5,656
Accrued interest	7,986
Interfund loan	43,000
<u>Special Revenue Funds</u>	
Property taxes - current and delinquent	43,516
Due from other governments	126,764
<u>Debt Service Fund</u>	
Property taxes - current and delinquent	534,348
<u>Capital Projects Fund</u>	
Accrued interest	13,554



**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 8 - FIXED ASSETS**

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

	Balance <u>July 1, 2002</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2003</u>
Land/improvements	\$ 259,287	\$128,331	\$ -	\$ 387,618
Buildings/improvements	12,146,017	145,652	-	12,291,669
Furniture/equipment	1,487,513	101,959	(3,778)	1,585,694
Vehicles	1,290,400	111,502	(4,000)	1,397,902
Construction in progress	<u>29,814</u>	<u>-</u>	<u>(29,814)</u>	<u>-</u>
Total	<u>\$15,213,031</u>	<u>\$487,444</u>	<u>\$(37,592)</u>	<u>\$15,662,883</u>

A summary of the proprietary fixed assets at June 30, 2003 follows:

Furniture and equipment	\$134,290
Less: accumulated depreciation	<u>(70,005)</u>
Net fixed assets	<u>\$ 64,285</u>

**NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE**

In the current fiscal year, the District entered into a capitalized lease for the acquisition of a copier. The lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Financial Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the general fixed asset account group in the amount of \$36,397, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in the 2003 fiscal year totaled \$3,538. This amount is reflected as debt service principal retirement in the general fund. The capital lease has been accounted for as a capital outlay expenditure and other financing source.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2003.

General Long-Term Obligations

<u>Year Ending June 30</u>	<u>Copier</u>
2004	\$8,856
2005	8,856
2006	8,856
2007	8,856
2008	<u>3,689</u>
Total future minimum lease payments	39,113
Less: amount representing interest	<u>(6,254)</u>
Present value of future minimum lease payments	<u><u>\$32,859</u></u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. On December 15, 2001 the District issued general obligation bonds to provide funds for the construction and improvements to the elementary and high school and for the advance refunding of the 1992 general obligation bonds. A portion of the proceeds of the bonds were used to advance refund the 1992 general obligation bonds by purchasing U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds are not included in the District's outstanding debt since the District has satisfied its obligations through the advance refunding. The principal balance of the general obligation various purpose refunded bonds at June 30, 2003 was \$2,289,733.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

These bonds 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 this bond are recorded as an expenditure in the debt service fund.

This issue is comprised of both current interest bonds, par value \$5,195,000, and capital appreciation bonds, par value \$685,000. The interest rates on the current interest bonds range from 4.011% to 5.20%. The capital appreciation bonds mature on December 1, 2011 (effective interest 19.091%) and December 1, 2012 (effective interest 19.094%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the general long-term obligations account group at June 30, 2003 was \$94,618. A total of \$30,223 in accreted interest on the capital appreciation bonds has been included in the general long-term obligations account group at June 30, 2003.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029.

The following is a schedule of activity for fiscal year 2003 on the 1992 and 2001 series general obligation bonds:

	Balance <u>July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2003</u>
Current interest bonds - 1992	\$ 110,000	\$ -	\$(110,000)	\$ -
Current interest bonds - 2001	5,195,000	-	(110,000)	5,085,000
Capital appreciation bonds - 2001	<u>103,299</u>	<u>21,542</u>	<u>-</u>	<u>124,841</u>
Total G.O. bonds	<u>\$5,408,299</u>	<u>\$21,542</u>	<u>\$(220,000)</u>	<u>\$5,209,841</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the future annual requirements to maturity for general obligation bonds:

Fiscal Year Ending	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 220,000	\$ 225,305	\$ 445,305	\$ -	\$ -	\$ -
2005	230,000	219,103	449,103	-	-	-
2006	240,000	211,456	451,456	-	-	-
2007	255,000	202,598	457,598	-	-	-
2008	270,000	192,480	462,480	-	-	-
2009 - 2013	920,000	844,499	1,764,499	685,000	-	685,000
2014 - 2018	1,035,000	579,859	1,614,859	-	-	-
2019 - 2023	665,000	410,478	1,075,478	-	-	-
2024 - 2028	855,000	218,530	1,073,530	-	-	-
2029 - 2030	<u>395,000</u>	<u>20,410</u>	<u>415,410</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$5,085,000</u>	<u>\$3,124,718</u>	<u>\$8,209,718</u>	<u>\$685,000</u>	<u>\$ -</u>	<u>\$685,000</u>

**B.** On August 26, 1997 the District issued an energy conservation loan in accordance with Section 3313.372, Ohio Revised Code, and House Bill 264. This loan bears an interest rate of 4.60% and matures on August 25, 2007. The primary source of repayment of this loan is through energy savings as a result of the improvements. Payments of principal and interest relating to this liability are recorded as expenditures in the debt service fund. The unmatured obligation at year-end is accounted for in the general long-term debt account group. The following is a description of the District's long-term energy conservation loan outstanding as of June 30, 2003:

	Interest Rate	Outstanding July 1, 2002	Retired in 2003	Outstanding June 30, 2003
Energy conservation loan	4.5%	<u>\$153,183</u>	<u>\$(25,047)</u>	<u>\$128,136</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a description of the District's future annual requirements to amortize the energy conservation loan:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 26,184	\$ 5,492	\$ 31,676
2005	27,396	4,282	31,678
2006	28,664	3,014	31,678
2007	29,991	1,687	31,678
2008	<u>15,901</u>	<u>327</u>	<u>16,228</u>
Total	<u>\$128,136</u>	<u>\$14,802</u>	<u>\$142,938</u>

- C. During the year ended June 30, 2003, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences are presented net of actual increases and decreases due to practicality of determining these values. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid.

	<u>Balance July 1, 2002</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2003</u>
Compensated absences	\$ 326,453	\$ 3,957	\$ -	\$ 330,410
Pension obligation payable	56,399	65,781	(56,399)	65,781
General obligation bonds payable	5,408,299	21,542	(220,000)	5,209,841
Energy conservation loan	153,183	-	(25,047)	128,136
Capital lease obligation payable	<u>-</u>	<u>36,397</u>	<u>(3,538)</u>	<u>32,859</u>
Total	<u>\$5,944,334</u>	<u>\$127,677</u>	<u>\$ 304,984</u>	<u>\$5,767,027</u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**D. 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 effects of these debt limitations at June 30, 2003 are a voted debt margin of \$3,558,556 (including available funds of \$488,458) and an unvoted debt margin of \$91,999.

**NOTE 11 - STATE BUILDING LOAN**

During fiscal year 1990, the District received a state building grant/loan to provide for the construction of classroom facilities. The District passed a half mill property tax levy with the proceeds of the levy going to repay its portion of the state loan. The unpaid balance on the state building loan is \$4,193,120 at June 30, 2003. The District and the state has determined that it is not probable that the State Facilities Loan will be repaid due to the new legislation, and as such, no outstanding liability is recorded in the financial statements.

New legislation now allows the District to use the proceeds of the levy for maintenance of the new facilities. The District may use the proceeds of the levy for maintenance of the new facilities provided the District's adjusted valuation per pupil is less than the state-wide median adjusted valuation per pupil. In any year in which the District's per pupil valuation exceeds the state-wide valuation median, half of the proceeds of the levy must be used to repay the loan. During fiscal year 2003, the District was not required to make any principal payments on the loan.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and state laws. Classified employees earn 10 to 20 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and principals do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 240 days. Upon retirement, payment is made for twenty-five percent of sick leave accumulation up to a maximum of 50 days.

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance in the amount of \$20,000 for employees that work 20 hours or more per week through Sun Life Assurance Co. of Canada.

**NOTE 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 fiscal year 2003, the District contracted with KMU Insurance Company for property insurance, fleet insurance and inland marine coverage. Coverages provided by KMU Insurance Company are as follows:

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 13 - RISK MANAGEMENT - (Continued)**

Property Insurance - replacement cost (\$5,000 deductible)	\$ 25,669,136
Boiler & Machinery - repair and replacement (\$5,000 deductible)	25,669,136
Glass Insurance - repair and replacement (\$250 deductible)	unlimited
Employee Dishonesty Blanket	100,000
Fleet Insurance:	
Bodily injury & property damage	1,000,000
Medical payments	5,000
Uninsured motorists	1,000,000
Comprehensive (\$1,000 deductible)	actual value
Collision (\$1,000 deductible)	actual value

General liability is protected by the Selective Insurance Company, with a \$4,000,000 annual aggregate/\$1,000,000 single occurrence limit and no deductible. The bus fleet is also covered by \$2,000,000 umbrella through Selective Insurance Company.

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

**B. Workers' Compensation**

For fiscal year 2003, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). 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 school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.



**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 13 - RISK MANAGEMENT - (Continued)**

**C. Employee Group Health, Dental, Vision and Life Insurance**

The District has elected to provide employee medical/surgical benefits through a self insurance program. The District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical/surgical plan with a \$200 family and \$100 single deductible. A third party administrator, Anthem Benefit Administrators, Incorporated, located in Columbus, Ohio, reviews all claims, which are then paid by the District. The District purchases stop-loss coverage of \$30,000 per employee and \$1,278,356 in the aggregate. The District pays into the self-insurance internal service fund \$685 family coverage or \$290 individual coverage per month for full-time employees and \$616.50 family coverage or \$261 individual coverage per month for part-time employees, which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information. Dental coverage is also provided on a self-insured basis through Anthem Benefit Administrators. Premiums for this coverage are \$28 monthly for family and single coverage for certified employees. Premiums for non-certified and part-time employees are \$40.95 monthly for family coverage and \$16.03 monthly for single coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The District also provides prescription drug insurance to its employees through a self-insured program. The plan pays 80% of the cost of prescriptions with the employee paying 20%. This plan utilizes a per prescription deductible of \$10 for generic and \$15 for brand names for long-term prescriptions. The third party administrator, Anthem Benefit Administrators of Columbus, Ohio, reviews the claims, which are then paid by the District. The premium for this coverage currently is included with medical monthly on a composite basis.

The claims liability of \$113,540 reported in the fund at June 30, 2003, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 13 - RISK MANAGEMENT - (Continued)**

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2003	\$132,671	\$1,183,156	\$(1,202,287)	\$113,540
2002	97,640	825,911	(790,880)	132,671

**NOTE 14 - SEGMENT INFORMATION - ENTERPRISE FUND**

The District maintains one enterprise fund which provides lunchroom/cafeteria services, therefore segment information for the year ended June 30, 2003, is not presented in these notes. The enterprise fund had \$500 in encumbrances outstanding at June 30, 2003.

**NOTE 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. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate of 14% for 2003, 8.17% was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$177,859, \$179,812, and \$176,800, respectively; 60.05% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$71,052, represents the unpaid contribution for fiscal year 2003.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 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 and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14% for 2003, 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$563,610, \$536,138, and \$511,054, respectively; 83.92% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$90,620, represents the unpaid contribution for fiscal year 2003.

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go-basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$40,258 during fiscal 2003.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)**

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$354.697 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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.

For this fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available) were \$182.947 million and the target level was \$274.4 million. At June 30, 2002, (the latest information available) SERS had net assets available for payment of health care benefits of \$335.2 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$97,061 during the 2003 fiscal year.

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations and changes in fund balance is done on a GAAP basis, 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 and Actual - 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:

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (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).

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

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

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(241,448)	\$(60,087)	\$ 70,337	\$ 41,135
Net adjustment for revenue accruals	(24,289)	46,943	590	11,273
Net adjustment for expenditure accruals	(53,011)	(34,476)	(31,508)	(18,446)
Net adjustment for other financing sources/(uses)	31,407	(36,619)	31,678	-
Encumbrances (budget basis)	<u>95,264</u>	<u>37,693</u>	<u>-</u>	<u>206,499</u>
GAAP basis	<u><u>\$(192,077)</u></u>	<u><u>\$(46,546)</u></u>	<u><u>\$ 71,097</u></u>	<u><u>\$240,461</u></u>

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2003.

**B. Litigation**

The District is not involved in litigation as either plaintiff or defendant.

**C. State School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "... the Ohio General Assembly to enact a school funding scheme that is thorough and efficient ...". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 19 - STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2002	\$(199,745)	\$ -	\$32,798
Current year set-aside requirement	164,154	164,154	-
Current year offsets	-	(42,174)	-
Qualifying disbursements	<u>(210,719)</u>	<u>(282,076)</u>	<u>-</u>
Total	<u>\$(246,310)</u>	<u>\$(160,096)</u>	<u>\$32,798</u>
Cash balance carried forward to FY 2003	<u>\$(246,310)</u>	<u>\$ -</u>	<u>\$32,798</u>

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by state statute. Monies set-aside by the School Board for budget stabilization are reported as a designation of fund balance in the general fund. The balance in the budget stabilization designation at June 30, 2003, was \$121,033.

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 may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2003 follows:

Amount restricted for BWC refunds	\$32,798
Amount restricted for school bus purchases	<u>28,076</u>
Total restricted assets	<u>\$60,874</u>



**CRESTVIEW LOCAL SCHOOL DISTRICT  
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 20 - CONTRACTUAL COMMITMENTS**

At June 30, 2003, the District had the following contractual commitment related to architectural contracts undertaken by the District:

<u>Vendor Total Contract</u>	<u>Paid</u>	<u>Amount at 6/30/03</u>	Remaining Commitment
Buehrer Group Architecture and Engineering	\$1,006,400	\$ -	\$1,006,400

## **SUPPLEMENTAL DATA**

**CRESTVIEW LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
<b>Nutrition Cluster:</b>						
(A) (C) Food Distribution	10.550	N/A	\$ -	\$ 22,669	\$ -	\$ 22,669
(A) (D) National School Lunch	10.555	049429-LLP4-2002	11,791	-	11,791	-
(A) (D) National School Lunch	10.555	049429-LLP4-2003	82,228	-	82,228	-
<b>Total U.S. Department of Agriculture and Nutrition Cluster</b>			<u>94,019</u>	<u>22,669</u>	<u>94,019</u>	<u>22,669</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Title I - Grants to Local Educational Agencies	84.010	049429-C1S1/2002	48,455		50,055	
Title I - Grants to Local Educational Agencies	84.010	049429-C1S1/2003	203,771		215,607	
<b>Total Title I</b>			<u>252,226</u>		<u>265,662</u>	
Title VI-B - Education of the Handicapped Act	84.027	049429-6BSF/2002-P	1,440		36,781	
Title VI-B - Education of the Handicapped Act	84.027	049429-6BSF/2003-P	101,257		107,836	
<b>Total Title VI-B</b>			<u>102,697</u>		<u>144,617</u>	
Safe and Drug-Free Schools	84.186	049429-DRS1/2002	-		2,140	
Safe and Drug-Free Schools	84.186	049429-DRS1/2003	8,381		5,530	
<b>Total Safe and Drug-Free Schools</b>			<u>8,381</u>		<u>7,670</u>	
Goals 2000	84.276	049429-G2S9/2002	-		9,401	
Eisenhower Professional Development	84.281	049429-MSS1/2002	(367)		4,070	
Title VI - Innovative Educational Program Strategies	84.298	049429-C2S1/2002	-		2,345	
Title VI - Innovative Educational Program Strategies	84.298	049429-C2S1/2003	6,756		5,462	
<b>Total Title VI</b>			<u>6,756</u>		<u>7,807</u>	
Education Technology	84.318	049429-TJS1/2003	7,891		4,922	
Title VI-R - Class Size Reduction	84.340	049429-CRS1/2003	6,646		6,646	
School Renovation, IDEA and Technology	84.352A	049429-ATS1/2002	2,836		2,836	
School Renovation, IDEA and Technology	84.352A	049429-ATS1/2003	9,091		9,091	
<b>Total School Renovation, IDEA, and Technology</b>			<u>11,927</u>		<u>11,927</u>	
Improving Teacher Quality	84.367	049429-TRS1/2003	58,234		65,235	
<b>Total U.S. Department of Education</b>			<u>454,391</u>		<u>527,957</u>	
<b>Total Federal Financial Assistance</b>			<u>\$ 548,410</u>	<u>\$ 22,669</u>	<u>\$ 621,976</u>	<u>\$ 22,669</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.  
(B) This schedule was prepared on the cash basis of accounting.  
(C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.  
(D) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed In Accordance With *Government Auditing Standards***

Board of Education  
Crestview Local School District  
1575 St. Rt. 96  
Ashland, Ohio 44805

We have audited the general purpose financial statements of Crestview Local School District as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated October 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Crestview Local School District's general purpose 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*.

Board of Education  
Crestview Local School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Crestview Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 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.

This report is intended for the information and use of the management and Board of Education of Crestview Local School District, 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.

Trimble, Julian & Grube, Inc.  
October 17, 2003

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## **Report On Compliance With Requirements Applicable to Its Major Program and on Internal Control Over Compliance in Accordance with *OMB Circular A-133***

Board of Education  
Crestview Local School District  
1575 St. Rt. 96  
Ashland, Ohio 44805

### Compliance

We have audited the compliance of 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 program for the fiscal year ended June 30, 2003. Crestview Local School District's major federal program is 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 program is the responsibility of Crestview Local School District's management. Our responsibility is to express an opinion on Crestview Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Crestview Local School 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 Crestview Local School District's compliance with those requirements.

Board of Education  
Crestview Local School District

In our opinion, Crestview Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2003.

#### Internal Control Over Compliance

The management of Crestview Local School 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 Crestview Local School 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. However, we noted a matter involving the internal control over financial reporting, which we have reported to the management of the Crestview Local School District in a separate letter dated October 17, 2003.

This report is intended for the information and use of management, the Board of Education of Crestview Local School District, 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.

Trimble, Julian & Grube, Inc.  
October 17, 2003

**CRESTVIEW LOCAL SCHOOL DISTRICT  
 RICHLAND COUNTY, OHIO  
 JUNE 30, 2003**

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

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

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No



**CRESTVIEW LOCAL SCHOOL DISTRICT  
 RICHLAND COUNTY, OHIO  
 JUNE 30, 2003**

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

**1. SUMMARY OF AUDITOR'S RESULTS (Continued)**

<i>(d)(1)(vii)</i>	<i>Major Program:</i>	Title I, CFDA #84.010
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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Betty Montgomery**

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**CRESTVIEW LOCAL SCHOOL DISTRICT**

**RICHLAND 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 8, 2004**